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SURVEY of Current Affairs

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GOVERNMENT AND ADMINISTRATION

Recent Legislation

The following is an alphabetical list of Public Acts passed between April and July 1977. Those sponsored by a private member are indicated by an asterisk. The dates given for the second reading refer to House of Commons *Hansard* (House of Lords where stated). The prices of several Acts were not yet available at the time of going to press.

Administration of Justice Act 1977. Contains a number of miscellaneous technical measures designed to improve the administration of justice in civil proceedings. Second reading: 2.5.77 (HL), cols 816-23 and 827-41. Royal Assent: 29.7.77. Ch 38, ISBN 0 10 543877 4.

Appropriation Act 1977. Authorises the Treasury to make a sum available to the public services. Second reading: 28.7.77, cols 1053-317. Royal Assent: 29.7.77. Ch 35, ISBN 0 10 543577 5.

Coal Industry Act 1977 (see p 126). Second reading: 2.3.77, cols 440-563. Royal Assent: 29.7.77. Ch 39, ISBN 0 10 543977 0, 35p.

**Control of Food Premises* (*Scotland*) *Act 1977.* Prohibits the sale, etc, of food in Scotland in circumstances where there is a likely danger to health. Second reading: 16.5.77 (HL), cols 510-13. Royal Assent: 22.7.77. Ch 28, ISBN 0 10 542877 9, 25p.

Control of Office Development Act 1977. Provides for the continuation of the office development control powers for a further five years from August 1977. Second reading: 17.5.77, cols 313-70. Royal Assent: 29.7.77. Ch 40, ISBN 0 10 544077 9, 10p.

Criminal Law Act 1977. Amends various features of the criminal law. Details will be included in the September issue of *Survey of Current Affairs.* Second reading: 3.5.77, cols 237-366. Royal Assent: 29.7.77. Ch 45, ISBN 0 10 544577 0.

**Farriers* (*Registration*) (*Amendment*) *Act 1977.* Amends the law relating to the registration of farriers. Second reading: 9.5.77 (HL), cols 9-24. Royal Assent: 22.7.77. Ch 31, ISBN 0 10 543177 X, 15p.

Finance Act 1977 (see pp 152-62 and p 305). Second reading: 28.4.77, cols 1500-649. Royal Assent: 29.7.77. Ch 36, ISBN 0 10 543677 1, £1·60.

**Housing* (*Homeless Persons*) *Act 1977.* Makes new provision over the functions of local authorities towards people who are homeless or threatened with homelessness (see p 134). Second reading: 18.2.77, cols 896-995. Royal Assent: 29.7.77. Ch 48, ISBN 0 10 544877 X.

**Insurance Brokers* (*Registration*) *Act 1977.* Provides for the registration of insurance brokers and for the regulation of their professional standards. Second reading: 28.1.77, cols 1857-936. Royal Assent: 29.7.77. Ch 46, ISBN 0 10 544677 7.

**Licensing* (*Amendment*) *Act 1977.* Amends part of the Licensing Act 1964. Second reading: 28.1.77, col 1952. Royal Assent: 22.7.77. Ch 26, ISBN 0 10 542677 6, 10p.

Local Authorities (*Restoration of Works Powers*) *Act 1977.* Restores provision in orders under the Local Government Act 1972 whereby specified district councils in England and Wales were enabled, until 31 March 1977, to enter into agreements with any local authority for the construction of buildings or works within specified areas. Second reading: 17.5.77, cols 245-311. Royal Assent: 29.7.77. Ch 47, ISBN 0 10 544777 3, 15p.

Marriage (*Scotland*) *Act 1977.* Makes new provision for the law relating to the constitution of marriage in Scotland. Second reading: 14.12.76 (HL), cols 778-92. Royal Assent: 26.5.77. Ch 15, ISBN 0 10 541577 4, 50p.

Merchant Shipping (*Safety Convention*) *Act 1977.* Enables effect to be given to the International Convention for the Safety of Life at Sea signed in London on 1 November 1974. Second reading: 31.3.77 (HL), cols 1043-53. Royal Assent: 22.7.77. Ch 24, ISBN 0 10 542477 3, 15p.

**Minibus Act 1977.* Removes from the scope of legislation relating to public service vehicles certain minibuses operated for hire or reward by bodies concerned with education, with religion, with social welfare or with other activities for the benefit of the community. Second reading: 11.2.77, cols 1835-83. Royal Assent: 22.7.77. Ch 25, ISBN 0 10 542577 X, 25p.

National Health Service Act 1977. Consolidates much of the law relating to the National Health Service in England and Wales. Second reading: 27.7.77, cols 843-4. Royal Assent: 29.7.77. Ch 49, ISBN 0 10 544977 6.

New Towns Act 1977. Increases the limits imposed on borrowing by the new town development corporations and the Commission for the New Towns to £2,750 million. The limit can be increased up to

£3,250 million by Government order. Second reading: 15.6.77, cols 392-465. Royal Assent: 22.7.77. Ch 23, ISBN 0 10 542377 7, 10p.

New Towns (*Scotland*) *Act 1977.* Makes possible the dismantling of the legal and administrative structure of a Scottish new town within five years of its designation. (The Secretary of State for Scotland announced in 1976 that the development of Stonehouse new town would not go ahead – see p 267, 1976.) Second reading: 29.3.77 (HL), cols 791-800. Royal Assent: 26.5.77. Ch 16, ISBN 0 10 541677 0, 25p.

Northern Ireland (*Emergency Provisions*) (*Amendment*) *Act 1977.* Increases the maximum penalty for certain offences connected with terrorism. Second reading: 30.6.77, cols 712-30. Royal Assent: 22.7.77. Ch 34, ISBN 0 10 543477 9, 10p.

Passenger Vehicles (*Experimental Areas*) *Act 1977.* Empowers the appropriate Government minister to designate experimental areas within which the law relating to public service vehicles may be modified by authorisation granted by local authorities. The authorisations will permit small private and commercial vehicles to be used for carrying passengers for hire or reward without complying with some of the normal legal requirements applicable to such carriage of passengers. Second reading: 15.2.77 (HL), cols 1514-31. Royal Assent: 22.7.77. Ch 21, ISBN 0 10 542177 4, 25p.

Patents Act 1977. Gives effect to the proposals in a Government White Paper on Patent Law Reform published in 1975 (see pp 209-10, 1975) relating to the establishment of a new code of domestic patent law and giving effect to certain international patent treaties. Second reading: 24.1.77 (HL), cols 234-315. Royal Assent: 29.7.77. Ch 37, ISBN 0 10 543777 8.

Post Office Act 1977. Second reading: 16.5.77, cols 108-62. Royal Assent: 29.7.77. Ch 44, ISBN 0 10 544477 4, 10p.

**Presumption of Death* (*Scotland*) *Act 1977.* Makes new provision in Scottish law in relation to the presumed death of missing persons. Second reading: 23.5.77 (HL), cols 1080-87. Royal Assent: 22.7.77. Ch 27, ISBN 0 10 542777 2, 35p.

Price Commission Act 1977. Provides new power to replace the price control legislation which expired on 31 July 1977. The main feature of the new system is selective investigations of price increases carried out by a strengthened and expanded Price Commission (see p 120). Second reading: 27.4.77, cols 1254-373. Royal Assent: 22.7.77. Ch 33, ISBN 0 10 543377 2, 60p.

Protection from Eviction Act 1977. Repeals and replaces the existing law relating to unlawful eviction and harassment. Second reading: 12.7.77, col 389. Royal Assent: 29.7.77. Ch 43, ISBN 0 10 544377 8, 25p.

Redundancy Rebates Act 1977. Reduces the proportion of rebate payable to an employer from the Redundancy Funds under the redundancy payments legislation. Second reading: 21.3.77, cols 915-60. Royal Assent: 22.7.77. Ch 22, ISBN 0 10 542277 0, 15p.

Rent Act 1977. Consolidates existing provisions on security of tenure for private tenants and on rents paid by private tenants of housing associations. Second reading: 12.7.77, cols 381-9. Royal Assent: 29.7.77. Ch 42, ISBN 0 10 544277 1.

Rent (*Agriculture*) (*Amendment*) *Act 1977.* Imposes time limits on the duty of housing authorities to notify their decisions on certain applications under the Rent (Agriculture) Act 1976 (see pp 9-10). Second reading: 9.2.77, cols 1581-622. Royal Assent: 26.5.77. Ch 17, ISBN 0 10 541777 7, 10p.

**Rentcharges Act 1977.* Implements the Law Commission's recommendations for prohibiting the creation of rentcharges and for their extinguishment. (A rentcharge is a periodic payment, charged on land, which is neither rent under a tenancy nor an interest payment.) Second reading: 11.2.77, cols 1884-913. Royal Assent: 22.7.77. Ch 30, ISBN 0 1 0 543077 3, 35p.

Restrictive Trade Practices Act 1977. Provides for the disregard of certain matters in determining whether an agreement is one to which the Restrictive Trade Practices Act 1976 applies. Second reading: 28.6.77 (HL), cols 1042-7. Royal Assent: 30.6.77. Ch 19, ISBN 0 10 541977 X, 25p.

Returning Officers (*Scotland*) *Act 1977.* Makes provision, in Scotland, for returning officers and their staff for parliamentary elections. Second reading: 14.3.77 (HL), cols 1405-8. Royal Assent: 26.5.77. Ch 14, ISBN 0 10 541477 8, 10p.

Statute Law (*Repeals*) *Act 1977.* Repeals certain laws which no longer have any practical use. Second reading: 8.2.77 (HL), cols 1036-9. Royal Assent: 16.6.77. Ch 18, ISBN 0 10 541877 3, 70p.

Torts (*Interference with Goods*) *Act 1977.* Gives substantial effect to the Law Reform Committee's recommendations that there should be a reduction in the number of separate civil remedies available in respect of interference with goods and that there should be a more general remedy based as far as possible on the existing tort of conversion. Second reading: 16.12.76 (HL), cols 1058-69. Royal Assent: 22.7.77. Ch 32, ISBN 0 10 543277 6, 35p.

**Town and Country Planning* (*Amendment*) *Act 1977.* Extends the powers of local planning authorities in relation to the service of 'stop notices' under the planning legislation over alleged breaches of planning control. Second reading: 28.1.77, cols 1937-49. Royal Assent: 22.7.77. Ch 29, ISBN 542977 5, 25p.

Transport (*Financial Provisions*) *Act 1977.* Provides for grants to the British Railways Board and the National Freight Corporation, and increases the borrowing powers of the British Waterways Board. Second reading: 20.1.77. cols 649-707. Royal Assent: 30.6.77. Ch 20, ISBN 0 10 542077 8, 10p.

Water Charges Equalisation Act 1977. Provides for the making of payments between water authorities in England and Wales to secure a measure of equalisation of the charges they make for un-

measured water supply. Second reading: 24.1.77, cols 985-1101. Royal Assent: 29.7.77. Ch 41, ISBN 0 10 544177 5, 25p.

Devolution in Great Britain

The Government's intention to introduce two separate Bills in the next session of Parliament to provide, respectively, for devolution to Scotland and to Wales was announced in a statement to the House of Commons on 26 July by Mr Michael Foot, the Lord President of the Council and Leader of the House of Commons (*Hansard*, cols 313-28). On the same day the Government published a White Paper, *Devolution: Financing the Devolved Services* (Cmnd 6890, HMSO, 50p, ISBN 0 10 168900 4), setting out its proposals for the financial arrangements for the devolved services. In response to a question following his statement, Mr Foot said that the opportunity would be provided for the people of Scotland and Wales to vote in referendums on the legislation when it had been passed.

Mr Foot said that the Government had always been fully and equally committed to the achievement of devolution for both countries and believed that the House would welcome separate consideration of what were dissimilar proposals. He went on to describe the ways in which the new proposals would differ from those contained in the Scotland and Wales Bill (see pp 3-8). The Judicial Committee of the Privy Council would be the final court of reference as well as undertaking the pre-Assent scrutiny of Scottish Assembly Bills. The Government believed that it was possible to dispense with certain of the detailed controls on the actions of the devolved administrations to provide more clear-cut arrangements. The Government's general reserve powers would remain as an essential safeguard to protect matters which were not to be devolved – for example, defence, trade, the economy and industrial relations. The proposed statutory powers to limit rents and prescribe model rent and rebate schemes would be omitted and it would no longer be necessary for the Secretary of State's consent to be obtained for changes in the pay and pensions of Scottish teachers and for the pension arrangements of a number of public bodies in both Scotland and Wales.

As for the Assemblies themselves, the Government had concluded that they should be left much freer to arrange and conduct their business and certain provisions in the original Bill would be omitted. The members of the Scottish Executive would have the title of Secretary and the head of the Executive the title of First Secretary. The Government would also propose a power of premature dissolution of the Scottish Assembly dependent on a vote of at least two-thirds of its members. The creation of Assembly Commissioners for the investigation of complaints against the new administration and its officials would no longer be proposed but the Scottish Assembly would be able to legislate on this matter.

The Government also proposed the reservation of responsibility for the pay and pensions of teachers and of health service employees in Wales.

Given the expressed concerns about the structure of local government in Wales, the Welsh Assembly would have a statutory duty to review the structure of local government.

Mr Foot went on to say that the Government was continuing to develop these and other proposals for inclusion in new legislation for introduction next session. It had already been made clear that in any future debate on proportional representation for the devolved assemblies there would be a free vote for Labour Members of Parliament.

The Government had paid particular attention to the arrangements for financing the devolved services. The White Paper set out measures to improve the working of the block fund arrangements. First, the Government would propose to the devolved administrations the possibility of setting up an independent advisory board with the task of improving the information base for financial discussions. Secondly, a new approach would be proposed for settling levels of devolved expenditure. The new system would relate the total of devolved expenditure to comparable expenditure elsewhere in the country, and would establish a percentage formula which would be maintained for a number of years, as an alternative to negotiations every year with the devolved administrations. Account would be taken of the view of the devolved administrations on the acceptability and operation of this formula-based system.

The Government had not identified any satisfactory form of independent revenue-raising power for the devolved administrations but would consider proposals put forward by them [see below].

Additionally, on the establishment of the new administrations, it was the Government's intention to seek their agreement to the establishment of joint councils for Scotland and for Wales, on which representatives of the Government and the new administrations could consult as necessary on matters of common concern. These would provide a valuable means of ensuring continuing co-operation and consultation.

In relation to England, consultations were continuing on the basis of the consultative document, *Devolution: The English Dimension* (see pp 7-8).

Financing the Devolved Services

The White Paper, *Devolution: Financing the Devolved Services,* sets out the background to the Government's proposals for financing the devolved services in Scotland and Wales, principally by means of block funds approved by the House of Commons and explains how the arrangements for settling the block funds are expected to work. The Government believes that a system based on expenditure needs is compatible with political and economic unity whereas a system which related spending on the devolved services to revenue raised in Scotland and Wales would not be. The White Paper states that it would be possible in theory to assign certain United Kingdom revenues to

the devolved administrations as of right but this course would create a number of difficulties. The Government was not opposed in principle to providing the devolved administrations with marginal tax powers for supplementing the block funds and the White Paper sets out criteria with which marginal tax powers would have to conform if their use was to be politically practicable. It examines the scope for devolving marginal tax powers, including a supplementary income tax, a supplementary value-added tax or sales tax, a tax on the occupation of property, supplementary taxes on companies and other minor sources of revenue. But the Government's conclusion is that, on balance, and taking into account the general practicability and likely public acceptability of each tax examined, the disadvantages outweigh the advantages and accordingly no proposals are made for devolving specific tax powers as a means of supplementing the block fund. However, if the devolved administrations wish to have available a limited supplementary tax power and are ready to meet its administrative cost then the Government would be willing to consider sympathetically any such proposals, other than in relation to offshore oil. In discussing a tax related to offshore oil the White Paper says that the Government has repeatedly made clear that all these revenues will continue to accrue to the United Kingdom as a whole. They form part of the national pool of revenues from which resources provided for the devolved administrations will be drawn. To the extent that Scotland and Wales receive above-average shares of public expenditure generally they will derive particular benefit from these – as from other – United Kingdom revenues.

The White Paper discusses the assessment of needs and concludes that the Government sees no reason why determining the level of devolved expenditure in Scotland and Wales according to relative needs should be a cause of special political dispute. Nevertheless, in order to minimise any risks, studies are in hand on the collection of objective information on needs and standards of public services. The Government intends to explore with the devolved administrations the scope for an independent advisory body and for a formula under which devolved expenditure would be settled for a period of, say, four years ahead as a percentage of comparable expenditure in the country as a whole.

Public expenditure on services proposed for devolution in the Scotland and Wales Bill amounted to about £2,640 million in Scotland and £1,160 million in Wales in 1975-76. It is estimated that the block fund would have covered about 70 per cent of devolved expenditure in Scotland and 75 per cent in Wales, the rest being met from local authority rates, borrowing and the internal resources of public corporations. Under the Government's proposals local authorities would continue to have access to the Public Works Loan Board and to financial markets in the United Kingdom and overseas. However, public corporations operating in devolved subject fields will borrow from Scottish or Welsh Loan Funds instead of from the National Loans Fund. The devolved administrations themselves will have no long-term borrowing powers; their capital expenditure will be met out of the block funds.

Review of Overseas Representation

The recommendation that Britain should be represented overseas less by career diplomats and more by civil servants with specialist expertise and experience in home Government departments is one of the main conclusions of the report of the Central Policy Review Staff (CPRS)[1] on Britain's overseas representation published on 3 August (*Review of Overseas Representation.* Report by the Central Policy Review Staff. HMSO, £8·50. ISBN 0 11 630803 6). The CPRS suggests that one way of achieving this change would be by merging the Diplomatic Service with the Home Civil Service, creating within the combined service a Foreign Service Group whose members would fill the great majority of posts connected with overseas representation. It indicates a 'marginal' preference for this over two other options suggested – more interchange between the Home Civil Service and the Diplomatic Service or the creation of a specialist export promotion service and a specialist aid administration service within the Home Civil Service.

The report also concludes that Britain is at present putting more money and more highly qualified people into overseas affairs than their effect on its overseas interests warrants. It recommends the reduction in size of posts in general and closing some 20 British embassies and high commissions and at least 35 subordinate posts and replacing them with other forms of representation, including development divisions and honorary British trade representatives. The report considers that Britain needs fewer full-time resident representatives in developed countries. Resident representatives, it argues, are more necessary in important countries whose languages and systems of government or economic management are unfamiliar.

Division of Responsibilities between Home Departments and the Foreign Office

The report concludes that home departments should have a greater say in the execution of overseas policy in their fields of domestic responsibility. The existing tendency for the staff of home departments to travel overseas to conduct business should be encouraged and the Foreign and Commonwealth Office should share the responsibility for directing and staffing posts overseas with other departments which have important interests in the work of the post.

The reasoning behind these conclusions is that Britain's ability to influence political events in the world at large has diminished while the range of business between Britain and the rest of the world

[1] The terms of reference of the review were announced by the then Secretary of State for Foreign and Commonwealth Affairs, Mr James Callaghan, in January 1976 and were as follows: 'To review the nature and extent of our overseas interests and requirements and in the light of that review to make recommendations on the most suitable, effective and economic means of representing and promoting those interests both at home and overseas. The review will embrace all aspects of the work of overseas representation, including political, economic, commercial, consular and immigration work, defence matters, overseas aid and cultural and information activities whether these tasks are performed by members of Her Majesty's Diplomatic Service, by members of the Home Civil Service, by members of the Armed Forces or by other agencies financially supported by Her Majesty's Government.' The head of the Central Policy Review Staff is Sir Kenneth Berrill.

has widened. Communications and travel have become easier, while the subject-matter of international relations has become more complex. Experts in different countries can and should talk directly to each other.

Overseas Objectives

Four principal overseas objectives are identified in the report; to ensure Britain's external security; to promote its economic and social well-being; to honour certain commitments and obligations (for example, to dependent territories); and to work for a peaceful and just world. The CPRS analysed the different functions involved in Britain's overseas representation and looked at them in terms of these objectives, in terms of the need for the Government to carry them out, and in terms of the way they are carried out. They identified 14 functions: economic, social and environmental work; export services; foreign policy work; defence work; consular services; immigration and visa work; the administration of overseas aid; educational and cultural work; external broadcasting; information work; political work; communications; entertainment; accommodation and other administration overseas.

All the functions are held to contribute to the four main objectives but some to a lesser extent than their share of the expenditure on overseas representation suggests. The resources spent on economic work and export services, which the CPRS considers to be priority functions, account for about 31 per cent of the total compared with 10 per cent for foreign policy and defence work. This distribution, the report says, is broadly right. But the 30 per cent of total net expenditure spent on educational and cultural work, external broadcasting and information work seemed out of proportion to the contribution these functions could make to the achievement of the main objectives. In many countries more was also put into the work of defence attachés and into political work than could be justified by their contribution to United Kingdom interests.

The need for the Government to fulfil the various functions of overseas representation varied from country to country, and the level and type of Britain's representation should reflect this.

Proposed Cuts

Cuts are recommended in information work, in the number of defence attachés (mainly in Western Europe) and in consular work. External broadcasting by the BBC should be concentrated on those parts of the world where access to news and information is limited but in those places it should be made clearly audible. Government involvement in educational and cultural work should be reduced in Western developed countries and the scale of British Council activities consequently reduced. There were several Government agencies involved in overseas educational work and there was unnecessary duplication and confusion of responsibility. The CPRS recommends reform either by abolition of the British Council or by reducing its size in the United Kingdom (and by integrating the smaller agencies into it) and putting its work overseas into embassies and high commissions.

Staffing

For many of the functions of overseas representation, the CPRS considers that present staffing arrangements do not permit sufficient specialisation for acquisition of the expertise needed. For example, export promotion was a field where the quality of work benefited enormously from continued contact between staff and firms and markets. At present relatively few Department of Trade or Diplomatic Service staff specialised in export promotion work. The Department of Trade staff who did the work at home got little experience overseas, and Diplomatic Service export promoters had little experience of British industry at home. To a greater or lesser extent these problems affected most of the functions of overseas representation.

The creation of a Foreign Service Group within a unified Civil Service and the phasing out of the Diplomatic Service would be one way to meet these defects. Such a group would fill most of the jobs in the United Kingdom and overseas in economic work, export promotion, aid administration and the areas of work at present done excusively in the Foreign and Commonwealth Office by the Diplomatic Service. The existence of such a group would facilitate the development of expertise, give a higher proportion of civil servants the opportunity to work overseas, limit the necessity for staff to spend too large a proportion of their careers overseas and thus get out of touch with the United Kingdom, and encourage a community of attitudes among those working on overseas affairs in Britain and those working in posts abroad.

THE GOVERNMENT'S POSITION

The Government's position was set out by Dr David Owen, the Foreign and Commonwealth Secretary, in a parliamentary answer on 13 July before the publication of the report (*Hansard*, col 190) in which he said: 'The report is necessarily lengthy since it covers the whole field of overseas representation. Its recommendations also cover a number of departments, not just the Foreign and Commonwealth Office. The Government feel that it is most important that there should be an opportunity for all those concerned, not least the Members in this House, to express their views before taking any decisions. The staff sides will be fully consulted and the Government will wish to take full account of their views.'

EXTERNAL AFFAIRS AND DEFENCE

European Community

In July a White Paper was published covering developments during Britain's presidency of the Council of Ministers, and foreign ministers considered the possibility of drawing up a code of conduct for Community companies operating in South Africa. A ban on fishing for herring, and restrictions on fishing for Norway pout, in the North Sea have been reintroduced, and agriculture ministers also discussed the prices to be paid in the future for New Zealand butter and cheese imports. In the field of external relations, Spain made an application for accession to the Community, and special arrangements have been made for Djibouti until it becomes a member of the Lomé Convention.

DEVELOPMENTS IN THE COMMUNITY

A White Paper[1] (one in a six-monthly series of such papers) covering developments in the Community from January to June 1977, was published in July. During this period, Britain held the presidency of the Council of Ministers, and the report draws attention to the 'large measure of unity' that had been maintained during the presidency, in spite of the 'consequences of worldwide economic recession' which had 'limited the scope of pursuing the goals of growth and convergence in the economic performance of member states'. The report points out that during this period relations with other countries and economic groupings had been developed, and the internal policies of the Community had been carried forward. Britain had been guided in the day-to-day conduct of business by the view that the Community could develop 'only by serving the interests of all its members'. British spokesmen therefore had continued to pursue national interests 'in a manner consistent with those of the Community as a whole'. There had been some criticism of the British presidency for lack of restraint in this respect: 'But disagreements are inevitable on matters where the interests of member states do not coincide and we have sought to exercise our presidential responsibility both to find an equitable balance of advantage and to concentrate attention on areas of common interest and of benefit to all.'

Progress made during the six months in the areas of foreign affairs and political co-operation, and in economic and financial matters, is outlined in the White Paper. It also discusses the work of the individual Council of Ministers' meetings, and gives details of grants and loans received by Britain from the European Investment Bank, the European Coal and Steel Community, and the regional and social funds. (For more detailed surveys of the Community's progress during Britain's presidency see pp 218-19 and pp 269-70.)

Commenting on the White Paper, the Foreign and Commonwealth Secretary, Dr David Owen, said he strongly believed that the Community was steadily making progress towards European unity: 'Nothing in the last six months has made me doubt that; but it is a slow process.'

POLITICAL CO-OPERATION

Foreign ministers have requested Community officials to examine the possibility of drawing up a code of conduct for the Community's commercial companies operating in South Africa. This proposal, put forward at a political co-operation meeting held in Brussels on 12 July by the British Foreign and Commonwealth Secretary, Dr David Owen, may include a study of the wage differentials between black and white workers and the lack of unionisation among black workers.

Dr Owen's proposal arose during discussion of reports on South Africa and the Horn of Africa which had been prepared by the political committee.[1] The reports were approved by the ministers, Dr Owen stating that they provided the basis for future co-operation among the Nine on Africa. Dr Owen pointed out that the Nine had the largest financial commitment of any group or country in Africa, and that it was important that the Community and the West generally should demonstrate their willingness and ability to bring about change in South Africa. The foreign ministers recognised the legal and practical difficulties associated with a code of conduct for Community companies, but Dr Owen stressed the urgent need for action.

Dr Owen also reported to his colleagues on the progress of the Anglo/American initiative on Rhodesia (see p 301), and the ministers discussed progress made at the meeting held to prepare for the review Conference on Security and Co-operation in Europe (see pp 103-4). A report on the last session of the General Assembly of the United

Developments in the European Communities, The United Kingdom residency. Cmnd 6887. HMSO, 75p. ISBN 0 10 168870 9.

[1] The political committee is composed of senior officials from the member states' foreign ministries.

Nations was also considered and ministers discussed prospects for the new session later this year.

FISHERIES

Herring Conservation

A Community ban has been reimposed on fishing for herring in the North Sea until the end of September. This will replace the national ban imposed by Britain within its own fishery limits following the failure of the Council of Ministers on 27 June to reach agreement (see p 269). The Community ban, agreed by the Council at its meeting on 18 and 19 July, is to be discussed further by the Council in September. Reporting on the July meeting to the House of Commons (*Hansard*, 22.7.77, cols 2048-59), the Minister of Agriculture, Fisheries and Food, Mr John Silkin, said that the Government was determined that the ban would continue after September.[1]

The Council also confirmed the quota allocation for the west of Scotland herring stock, which had been provisionally agreed in June (see p 269).

To remedy the scarcity which would result from these conservation measures, the Council suspended customs duties on certain herring products until the end of the year.

Norway Pout

The Council agreed to reimpose from 1 September until 15 October the ban on fishing for Norway pout in the area of the North Sea in which such a ban had operated until the end of March (see p 105). Norway pout is processed into fishmeal which is used for animal feed and fertiliser; the ban aims at protecting the immature fish of the more valuable, white fish species, often caught in the small-mesh nets used in the pout fishing.

Future Policy

Referring to the Council's general discussion of the Community's fisheries policy, Mr Silkin said in the speech quoted above: 'On the future common fisheries policy, the Commission rejected the United Kingdom case for extended exclusive zones for the fishermen of coastal member states (see pp 268-9). We warned that, unless there was agreement on an exclusive zone of 12 miles with a dominant preference for our fishermen within the zone from 12 to 50 miles, we would return to our original demand for an exclusive zone of up to 50 miles. We also re-emphasised our right to take unilateral conservation measures where appropriate.'

The Council agreed to resume the discussion in October.

AGRICULTURE

New Zealand

The prices to be paid for imports of New Zealand butter and cheese are to be decided by the Council at its meeting on 26 and 27 September. At its 18-19 July meeting, the Council discussed a proposal from the Commission that those prices should be increased by 10 per cent, due to the increases in production, processing and freight costs.

As a result of the renegotiation of the terms of British membership of the Community, the member states had agreed to carry out periodic reviews of the prices paid for New Zealand butter and cheese (see pp 143-4, 1975). The present proposal by the Commission was strongly supported by Britain. Mr Silkin told the House of Commons: 'In view of the length of time since the previous increase, we stressed that an early decision was needed. It was agreed that a definitive decision would be taken at the [agricultural ministers'] Council's next meeting in September after the necessary scrutiny of the figures at official level.'

Ice Cream

The Council agreed to the continued use in Britain of the terms 'dairy ice cream' and 'ice cream', to describe, respectively, the product made wholly from milk proteins and dairy fats, and one containing other ingredients. This decision was contrary to the earlier proposal by the Commission – opposed by Britain – to limit the term 'ice cream' to products containing only dairy fats, as part of the programme of disposal of dairy surpluses.

EXTERNAL RELATIONS

Djibouti

Pending the accession of the newly-independent Djibouti (see pp 270-1) to the Lomé Convention, the Community has decided to continue the association arrangements which applied to Djibouti as a dependency of France. These arrangements, which include provisions on trade, the stabilisation of export earnings, and financial and technical co-operation, are to be continued for one year in the first instance, unless Djibouti accedes to Lomé in the meantime. This decision was taken in recognition of the special importance which the Community attaches to economic and political stability in this area of Africa.

Spain

Spain submitted a formal application to join the European Community on 28 July. The British Foreign and Commonwealth Secretary, Dr David Owen, has recently given support to Spain's eventual accession, particularly in view of the progress which Spain had been making towards holding democratic elections (see pp 218-19). (These elections, the first for 41 years, were held on 15 June and resulted in the formation of a Government led by Senor Adolfo Suarez of the Democratic Centre Union.)

Rhodesia

The Foreign and Commonwealth Secretary, Dr David Owen, visited Washington on 23 and 24 July for talks with President Carter and the United States' Secretary of State, Mr Cyrus Vance, to

[1] The Hague agreement (see p 61) allows the member states to take national conservation measures, and Britain's ban on North Sea herring fishing, which was to have lasted until the end of the year, conformed to the agreement, as well as being in line with proposals put forward by the Community's Commission.

discuss the Anglo/United States peace initiative for achieving a negotiated settlement in Rhodesia (see p 189). Dr Owen's visit followed the announcement on 18 July by Mr Ian Smith, the Prime Minister of the illegal regime in Rhodesia, that a general election would be held in Rhodesia on 31 August.

British Policy

Reporting to the House of Commons on 25 July (*Hansard*, cols 34-47) on his visit, Dr Owen said that the situation in Rhodesia was 'potentially so serious that the Anglo/United States initiative, despite all the difficulties, should continue'. The British and American Governments, he continued, would do everything possible 'to bring about an independent non-racial Zimbabwe after a fair election on the basis of universal suffrage. In the last analysis, peace could only come from agreement between those people, black and white, who will be living together in an independent Zimbabwe'. Dr Owen stated that detailed work would continue with a view to putting forward specific Anglo-United States proposals to all parties and also that he would be holding further discussions with Mr Vance in the middle of August.

Replying to questions in the House, Dr Owen explained that universal suffrage was 'one of the central elements in the proposals which have been discussed by the Anglo/United States consultative group and it has been broadly welcomed by all the nationalist leaders and many other leaders in Africa'. But there had been disagreement with Mr Smith on the principle of 'one man one vote' and Mr Smith had given the 'impression . . . that he rejects it and wishes to go back to a qualified franchise'. Dr Owen also informed the House that there had been extensive consultations with all the major nationalist leaders and with many of the white Rhodesians inside Rhodesia about a constitution. As a result, the Anglo/US Consultative Group was 'close to being able to produce proposals which, although not consensus, are proposals on which . . . it is possible to reach some measure of agreement. If they were to be broadly acceptable it would be possible to hold a normal constitutional conference.' The Governments of Britain and the United States intended to have further consultations to try to ensure, Dr Owen said, '. . . that when we do put forward proposals they have as great a degree of agreement as possible. But this is a central difficulty which we still have to resolve. Given a firm commitment from the United States and ourselves, and given some measure of unanimity particularly from the Front Line Presidents and possibly South Africa . . . it may be possible to resolve this problem.'

On the issue of an internal settlement, Dr Owen said: 'As often espoused, it does not satisfy the prime commitment . . . to fair elections, and it would allow a continuation of the armed struggle, in which case it would be difficult to hold elections in the present climate. But, in order to survive, any Government in Zimbabwe, either black or white, needs to have recognition by the international community. To exclude any nationalist leaders from a fair electoral process would be a recipe for continued strife. It is a cardinal principle of the Anglo/United States initiative that we do not intend to choose the leadership of a future Zimbabwe. That is for the people of Zimbabwe.' [The Organisation of African Unity at its summit meeting at Libreville, Gabon, early in July, had recognised the Patriotic Front as the sole representative of the people of Zimbabwe.]

Mr Smith's Broadcast

In a broadcast made in Salisbury on 18 July, Mr Ian Smith announced that a general election would be held on 31 August 'in order to give the Rhodesian electorate[1] an opportunity to indicate their choice of political direction'. Mr Smith explained that because he did not believe that there would be a successful outcome to the present negotiations he was seeking the electorate's approval of alterna ive plans, namely for an internal settlement. His objective was a 'new constitution, if not agreed with the British Government, then agreed internally before the end of this year'. Mr Smith envisaged 'the creation of a broad-based government, incorporating those black Rhodesians who are prepared to work peacefully and constitutionally with Government in order to establish a base from which we will be able to draw up a . . . future constitution'. Mr Smith stated that during the latest round of discussions (9-10 July) with the Anglo/US Consultative Group, in Salisbury, it had become clear that they were no longer prepared to abide by the understanding made with Dr Owen at the meetings held at Capetown and Salisbury at the start of the present exercise (pp 189-190). Mr Smith said that from the outset he had made it clear that, if confidence were to be retained, it would be necessary to provide safeguards such as franchise qualifications, special representation in Parliament, and an adequate blocking mechanism to protect entrenched clauses in the constitution, in order to protect the interests of white Rhodesians. The British Government had indicated that it believed there were alternative safeguards to franchise qualifications and special parliamentary representation. The Rhodesians were prepared to examine these, Mr Smith said. But new proposals in the last week for 'one man one vote' without special representation for whites, and no adequate protection in the constitution of entrenched clauses, together with additional proposals for the inclusion of 'terrorists' in the present security forces, were completely outside what had previously been agreed and were therefore unacceptable to his Government.

The Anglo/US Consultative Group

The Anglo/US Consultative Group was launched in May (see p 189) in an attempt to find agreement on a constitution for an independent Zimbabwe and on the transitional period leading to independence. The group is led by Mr John Graham, Deputy Under-Secretary at the Foreign and Commonwealth Office, working in close co-operation with Mr Steven Low, the United States Ambassador in Lusaka. In keeping with the British Government's intention that they should consult with all interested parties, including all those who were represented at the Geneva Conference, as well as the Front Line states and the Government of South Africa, the group held dis-

[1] The election will take place under the present franchise system laid down in the 1969 Constitution. Under this, 50 seats are reserved in the House of Assembly for whites and 16 for Africans. Of the African MPs, half are elected directly under a qualified franchise, while the remainder are elected by tribal colleges.

cussions with senior Government officials in Lusaka, Gaberone, Maputo, Dar es Salaam and Salisbury during the first round of consultations which lasted from 16 May to 2 June (see p 264). From 6 to 11 July the Anglo/US Consultative Group undertook a second round of discussions in Southern Africa.

Delimitation of Anglo-French Continental Shelf

In July 1975 a Court of Arbitration was established in Geneva between the Governments of Britain and France to decide the course of the boundary (or boundaries) between the portions of the Continental Shelf belonging to Britain and the Channel Islands and to France, respectively, westward of 0° 30′ West as far as the 1,000 metre isobath in the South-Western Approaches. On 18 July 1977 the Court gave its decision (which both parties had previously agreed would be binding). In a written answer to the House of Commons (*Hansard*, 25.7.77, written answers, cols 90-1), Mr Frank Judd, Minister of State at the Foreign and Commonwealth Office, stated: 'In a unanimous decision, the Court laid down the Continental Shelf boundaries as follows: in the English Channel, the boundary is a median line giving full effect to all islands (except the Channel Islands); north and west of the Channel Islands, because of the geographical circumstances, the boundary is drawn at a distance of 12 miles from Channel Islands base-points, thus leaving a strip of French Continental Shelf between this line and the median line described above; in the South-Western Approaches the boundary is a median line which, because the Court found that the location of the Scilly Isles constituted a special circumstance, is adjusted to give one-half effect to the Scilly Isles.

'The Court decided that the parties had not conferred on it the competence to lay down a boundary to the south and east of the Channel Islands, inasmuch as this would involve resolving disputed points relating to the measurement of the territorial seas of the two parties.'

Shorter Notes

THE SOUTH-EAST ASIA TREATY ORGANISATION

The phase-out of the South-East Asia Treaty Organisation (SEATO), which was established as a defence organisation under the Manila Pact in 1954, was completed on 30 June. The decision to phase out the organisation was reached on 24 September 1975 at the twentieth annual meeting of the SEATO Council – the highest governing body of the organisation – comprising ministerial representatives of Australia, Britain, New Zealand, the Philippines, Thailand and the United States.

A press statement issued by the SEATO Council representatives noted that the organisation had over the years, made a useful contribution to maintaining the stability and security of the region, and that the role which it had played in socio-economic fields had led to an improved standard of living among the rural populations of the region. The social benefits which citizens of the regional member countries have derived from SEATO's programmes are among the more lasting achievements of the organisation and a number of these will continue on a strictly bilateral basis.

Although SEATO has now been disbanded, the Manila Pact will remain in being.

BELIZE

Mr Ted Rowlands, Minister of State at the Foreign and Commonwealth Office, visited Guatemala from 26 to 28 July for discussions on the question of Belize (see pp 14-16, 1976). The visit had been agreed upon earlier in the month when, on 6 and 7 July, Mr Rowlands and Guatemala's Minister of Foreign Affairs, Dr Orantes, had met in Washington for ministerial level talks on Belize, the third round of such talks to be held since April 1976. The Premier of Belize, Mr George Price, also attended the talks as part of the British delegation. On his visit to Guatemala, during which he had meetings with Guatemala's President, General Laugerud, and Dr Orantes, Mr Rowlands also discussed ways of reducing tension in the area, a recent build-up of Guatemalan forces along the border with Belize having led Britain to reinforce its garrison in the dependency.

In a communiqué, issued on 28 July, Britain and Guatemala 'renewed their firm intention of continuing the process of negotiations with a view to finding mutually acceptable solutions, taking into account the concerns of the parties, in accordance with the peaceful means recognised by international law'. They also 'recognised the need to find a quick, just and honourable solution to the controversy'. In considering ways to reduce the tension which had developed in recent months in relation to Belize, 'special attention was paid to the border area where . . . incidents or misunderstandings could lead to greater tension and might endanger the situation. In this regard both sides agreed to make special efforts to ensure that such incidents should not occur'. Mr Rowlands, the communiqué stated, reiterated Britain's willingness to take into full account the vital interests of Guatemala in the solution of the controversy; Dr Orantes, for his part, expressed the determination of the Government of Guatemala to take into full account the vital interests of the people of Belize.

The Attack on Inflation

POLICY AFTER 31 JULY 1977

Further measures which the Government proposes to take in the fight against inflation and unemployment were outlined in a statement by the Chancellor of the Exchequer, Mr Denis Healey, in the House of Commons on 15 July[1] (*Hansard*, cols 987-94). The measures were proposed in the light of discussions with representatives of the Trades Union Congress (TUC) and of the revised prospects for the economy. Mr Healey said that the Government continued to regard the mastery of inflation as the precondition for success in returning to full employment.

Collective Bargaining

Mr Healey explained that, while in the last two years Britain had derived immense advantages from the guidelines on pay which the TUC had formulated in agreement with the Government – which had been fully observed by the whole of the trade union movement and had given invaluable help in the fight against inflation – the Government and TUC had recognised that the period after July 1977 had to bring an orderly return to normal collective bargaining and that there could be no free-for-all or pay explosion. He pointed out that on 22 June the general council of the TUC had made a major contribution towards these objectives by publishing guidance on the strict maintenance of settlements made under the current policy. This guidance recommended that negotiators should not re-open settlements made under the current policy after 31 July in breach of the 12 months rule (see p 282, 1976) and should not defer settlements due before 31 July in the hope of securing an advantage by doing so; the only exceptions to the 12 months rule related to occupational pensions and self-financing productivity schemes (see below). Mr Healey said that the Government attached the greatest importance to this guidance and, provided it was observed by all those concerned with pay determination in both the private and public sectors, it would go far to prevent a wage explosion from developing after July 1977. It was the keystone for an orderly return to collective bargaining and meant that the 'Phase 2' policy (see pp 282-3, 1976) would continue to affect the level of earnings until the last settlement made under it expired at the end of July 1978.

'For most people the next settlement will not come until the first half of 1978. By that time there is a good chance that, thanks to the strict adherence to the TUC pay policy in the past year, the rate of inflation will be approaching, or will have reached, that of our major competitors.' Mr Healey added that this would 'provide a better climate for settlements, which could be reinforced by any assistance which the Government was able to give'.

Earnings

He explained that while the TUC did not think it practicable to give general guidance on the level of pay settlements in the next pay round when the 12 months had expired for the bargaining group concerned, the Government's responsibility for the economy as a whole and for the management of the public sector obliged it to state its position on this matter.

A sustained fall in the rate of inflation would enable Britain to profit fully from the new opportunities opened up by the success of the Government's other policies and the flow of North Sea oil. The best forecasts available showed that the prospect for prices in 1978 and after would depend critically on the rate of increase in the national wage bill; the inflation rate would only be likely to fall below 10 per cent and stay below this level during 1978 if the rate of increase in earnings was not more than 10 per cent. Mr Healey made it clear that any given rate of earnings increase implied a significantly lower rate of increase in settlements, the former taking account of overtime, job changes and other factors contributing to 'wage drift'. The Government therefore had to urge that the general level of pay settlements should be moderate enough to ensure that the national earnings increase was no more than 10 per cent, and recommended those concerned with pay determination in both the public and private sectors to be guided by these considerations and to make new settlements on the basis that they would last for 12 months. It would do everything possible to ensure that full account was taken of this guidance throughout the public sector and expected similar action in the private sector.

As it would not be possible in the next 12 months to deal with the whole range of pay anomalies and other problems that had inevitably arisen during a period of strict pay guidelines, only the most serious difficulties could be tackled in the coming year, if necessary on a phased basis and taking full account

[1] The statement was subsequently reprinted as a White Paper, *The Attack on Inflation after 31 July 1977*. Cmnd 6882. HMSO, 25p. ISBN 0 10 168820 2.

of the need to keep the total settlement within single figures.

Dividend Control and the Remuneration, Charges and Grants Act 1975

The Government proposed to extend dividend controls for a further year with the same limit on annual increases of 10 per cent as at present. While it had already announced its intention to extend for one year the present control over the profit margins of manufacturers, service firms and distributors (see p 288), continuation of the provisions in relation to employers in the Remuneration, Charges and Grants Act 1975 (see pp 318-19, 1976) was also necessary to the extent needed to support and enforce the TUC guidance on the 12 months rule. Where a firm had reached a settlement which was quite clearly inconsistent with the above policies, the Government would take this into account in public purchasing policy and the placing of contracts, and also in the consideration of industrial assistance.[1]

Measures to Maintain Living Standards

Mr Healey said that the Government would of course continue discussions with the TUC over the whole field of the social contract (see p 328, 1976); it was meanwhile responding to the TUC's request for action to create a climate favourable to an orderly return to normal collective bargaining and, in particular, was proposing measures which could give working people confidence that their living standards could be generally maintained by moderate settlements at 12-month intervals. These measures were designed to give special help to the low-paid and to families with children. The improvement in the economic prospect since the Budget (see pp 152-63) – in particular the improvement in the balance of payments – made it possible for him to make the following proposals in the field of taxation, prices and employment.

Tax Relief

The reduction already agreed in petrol duty[2] would take effect on 8 August; the Chancellor explained that he did not intend to look for offsetting tax increases elsewhere. He confirmed that the Government also accepted the principle expressed in certain amendments made at the committee stage of the Finance Bill that the income tax personal allowances should be increased further but that, as explained in his Budget statement (see pp 159-61), it wished to concentrate tax relief in 1977-78 particularly on families. He would be proposing at the report stage of the Bill that the single person's allowance should be increased by £40 and the married person's allowance by £70 over and above the increases proposed in the Budget statement, at a cost of some £490 million, with corresponding increases in other allowances. He would also propose that the basic rate of income tax be reduced by 1p from 35p to 34p, at a cost of some £470 million. The total full year costs of the income tax reliefs in the 1977 Finance Bill would thus come to some £2,250 million – closely in line with the original Budget intention.

Child Benefit

Family support in 1978-79 would be increased by a substantial improvement in the rates of child benefit as part of the further phasing in of the child benefit scheme (see p 409, 1976). From April 1978 child benefit rates would be increased from the present £1 for the first child and £1·50 for subsequent children to £2·30 for all children, together with a doubling of the present premium for the first child of one-parent families to £1, at a net cost in 1978-79 of over £300 million. The new rates would result in part from a further step in the phasing out of child tax allowances, the basic level of which would be reduced to £100. A fuller statement about the level of child tax alowances in 1978-79 would be made in due course.

Price Reductions

The Government had decided to prevent certain increases in the cost of living which would otherwise take effect before the end of 1977 and which were particularly burdensome for people on low incomes or with family commitments. Milk was an important item in family budgets, especially when there were several children, and the Government had therefore decided to increase the milk subsidy so as to prevent an immediate further price rise of 1½p a pint and to keep the price of milk unchanged until the end of 1977. The cost of this subsidy in 1977-78 would be about £110 million.

The Government had also decided to raise the income limits for eligibility for free school meals, and thus provide over half a million more children with free school meals and increase the number benefiting to about one-quarter of those children who took school meals. School meals would now be free for a family with two children having earnings up to over £60 a week, and for a family with four children up to over £75 a week. The cost of this subsidy would be £18 million in 1977-78 and £28 million in a full year.

The electricity discount scheme would be operated again this winter, in order to relieve households receiving Family Income Supplement or Supplementary Benefit of 25 per cent of one quarter's bill.

Additional Jobs and the Industrial Strategy

In addition to the programme announced in June 1977 of training and work experience courses for young people and the special temporary employment programme (see p 279), the Government had decided to approve up to a further £100 million for construction in the current financial year, so as to assist employment in the construction industry, which was now going through a particularly difficult time; this was in addition to the £100 million for inner cities which was announced in the Budget (see p 157). The Government was considering in the course of the normal annual review of public expenditure what further help could be given to the construction industry in the next financial year.

Mr Healey said that the Government had also reviewed the requirements for additional expenditure

[1] The extension of these existing controls and the new price control powers (see pp 120-2) come under the Price Commission Act 1977 (see p 296) and the Counter-Inflation (Price Code) Order 1977 (SI 1977/1272. HMSO, 50p. ISBN 0 11 071272 2).

[2] This refers to the Government's agreement with the Liberal Party (see also pp 143-4) that the Budget proposal for an increase in petrol duty (see p 157) be withdrawn.

in support of the industrial strategy, and would provide a further cash sum of £70 million to be drawn down over the next few years for schemes in the ferrous foundry and machine tools industries and for a new product and process development scheme.

The total cost of all these measures would be £1,250 million in the current financial year, rising to £1,500 million in 1978-79. The resulting stimulus to demand in the economy would in itself generate substantial additional employment.

Public Expenditure

Strict control would be maintained over public expenditure. The cost of the public expenditure measures in 1977-78 would be found from within the contingency reserve so that no change would be required in the year's planned total for public expenditure.

Although the individual expenditure programme for 1978-79 would also be affected by the decisions concerning child benefit, school meals and the industry schemes, the White Paper on total public expenditure published in January 1977 (see pp 63-6) remained the basis for planning; the programmes would be reviewed in detail in the annual survey.

Cash Limits

Mr Healey said that no general changes were planned in the cash limits for 1977-78, while for 1978-79, the assumptions used would reflect the Government's policy on pay. Spending authorities would not be able to rely on supplementary provision beyond the cash limits.

Public Sector Borrowing Requirement (PSBR) and Monetary Policy

Although the proposed tax reliefs would imply a net addition of £100 million to the Budget estimate for the PSBR for the current financial year, developments in the economy since the spring of 1977 indicated a reduction in the original forecast. Mr Healey was therefore satisfied that the measures he had announced would not increase the PSBR above the level of £8,500 million forecast in the Budget – that is, a figure within the limit of £8,700 million announced at the time of the IMF agreement in December 1976 (see p 25) – and that these measures were consistent with the limit he had announced for domestic credit expansion (DCE) and the forecast range for sterling M3. 'The Government is determined to maintain its DCE limit and related control of M3', he added.

Conclusion

Mr Healey concluded by stating that in deciding on these measures, the Government had taken account of the progress achieved on the balance of payments since the Budget, the guidance given by the TUC for a phased and orderly return to normal collective bargaining and the revised prospects for the PSBR in 1977-78.

The measures would give substantial additional protection to living standards for working people generally, and especially for families with children and those with earnings well below the average. Moreover, for the great majority of workers they would themselves be enough, or more than enough, to offset fully the price increase which the Government expected between now and the end of 1977.

The orderly return to normal collective bargaining was essential to Britain's objective of getting inflation down to single figures and keeping it there. Although the Government recognised that it was now attempting something which earlier Governments of both parties failed to achieve, the policy described was one within which living standards would be maintained. It was, moreover, a policy which had to be applied by all concerned with good sense and realism, and the Government would play its full part with the TUC and the Confederation of British Industry (CBI) in seeking to achieve this.

PRIME MINISTER'S SPEECH

In a debate on counter-inflation in the House of Commons on 20 July (*Hansard*, cols 1606-21), the Prime Minister, Mr James Callaghan, said it was the Government's responsibility to offer advice and guidance to employers and trade unions who would be concerned with pay negotiations, now that it no longer had the advantage of being able to operate against the relative certainty of an agreed national increase.

Mr Callaghan said that since the level of wages was one, though not the only one, of a number of factors that influenced the level of inflation, the avoidance of 'runaway pay settlements' was particularly important at this moment because it so happened that some of the other factors that would influence the level of inflation were moving in Britain's favour. Such factors included the cost of buying commodities and raw materials from abroad, the stability – for many months – of the pound sterling, the improvement in Britain's balance of payments, and more recently, the prospects of better cereal crops throughout the world.

Anomalies and Differentials

Mr Callaghan pointed out that there would be 'very thorny problems' to be solved during an orderly return to free collective bargaining; there would be the correction of anomalies that had accumulated during the past two years, and negotiations would take place about the appropriate differentials in pay between various groups, some of which had been compressed.

Although the Government would have substantial influence or, in some cases, even direct control over the level of wage settlements in the public sector, a difficulty would immediately arise in that those whose pay was determined by or influenced by the Government would claim that it would be unfair for them to be worse off 'because they are in an area where the Government directly controls the purse strings whereas the private sector is not so controlled. This notion of equity, the grievance by comparison with others, goes very deep in the formation of wage claims whenever they are formally prepared. Time after time successive Governments have been brought up against this dilemma. Hence it is particularly important, if we are to prevent that sense of grievance from gaining ground, that employers and trade unions in the private sector should observe the general guidance.'

Other Difficulties

Mr Callaghan then went on to outline some of the other dangers to be faced and advantages with which the new pay period would begin. He began by stressing the importance of pay claims not being made on the basis of catching up on falls in the standard of living over the past two years. The price increases that followed the oil price increase of 1973 brought about a fundamental change in Britain's circumstances as in those of other countries and Mr Callaghan endorsed what the TUC had said in a recent statement: 'The emphasis should be on looking forward to what can be genuinely gained in terms of real living standards, not on looking backward to a situation where it was the vain attempt to counter the effects of inflation by escalating wage claims that exacerbated the very ill this was hoped to cure.'

The second danger to be faced was that some group would act as a pacemaker, or attempt to do so, and force a big settlement; others might then try to secure the same kind of increase. 'There will also be the risk that if groups achieve unrealistically high new settlements in the early months after July [1977], the groups whose settlements still have some months to run will feel that they must re-open their agreements. The TUC . . . has also recognised this risk and has advised its member unions not to re-open existing settlements. It has called upon those who are about to negotiate to avoid a possible chain reaction, and I am glad to acknowledge the value and importance of its advice on these matters', Mr Callaghan said.

The third danger was that some employers, foreseeing industrial trouble and being anxious to avoid it, would actually use funds that should be used for investment or other legitimate purposes in order to meet pay demands. This would not only weaken the company's future but would be against the best interests of the workers themselves as it would endanger their long-term employment prospects. Mr Callaghan pointed out the further possible danger of multinational companies whose interests might lie in several countries outside Britain believing that they could opt out of the Government's guidance; he trusted that this would not be so and undertook that it would watch these developments very carefully. He would discuss the degree of flexibility that could be introduced in the new arrangements with the chairmen of the three pay review bodies [the Top Salaries Review Body, the Review Body for Pay of Doctors and Dentists, and the Review Body on Pay of the Armed Forces] and the chairmen of nationalised industries, while ministers would also in due course approach local authority negotiating bodies.

Productivity Agreements

On the subject of productivity agreements, Mr Callaghan said there might be areas where genuinely self-financed deals could be worked out provided that they were genuine and did not add to the inflationary price levels, though even in these cases, he added, there would often be a good argument for sharing the productivity gains with the community at large. The new 10 per cent limit on increases in national earnings also had to include whatever was provided by way of consolidation of basic earnings.

Advantages

Mr Callaghan drew attention to some of the advantages Britain had in facing the difficulties inherent in the attack on inflation. First, the new pay policy would continue when the rate of price increases was slowing down, as had been forecast, and thus pay claims would be tabled against a background of a diminishing rate of inflation.

Secondly, the value of the TUC's policy – that settlements had to last for a period of 12 months and that settlements due before 31 July 1977 should not be deferred to secure an advantage over other groups – could not be overestimated. Mr Callaghan said he paid tribute to the TUC for its adherence to this against the opposition of a number of its own members.

Thirdly, claims under the new pay policy would be spread over a period of many months during which the benefit of the lower interest rates Britain had already achieved[1] and of a declining rate of inflation woud become more and more apparent.

Fourthly, there was an overwhelming recognition by nearly everyone, including trade unionists and especially their wives, that 20 per cent wage increases were of no lasting benefit if they were to be followed by 20 per cent price increases.

Social Policy

The Government's social policy, as was made clear in the Budget speech (see p 159) and in Mr Healey's statement, was to seek to protect the weakest and most needy; the old-age pension would increase in November 1977 and the standard of life of those who were immobile or suffered other disabilities would be protected; moreover, the Government was giving a new emphasis during the next 12 months to the family, and especially the wife and mother, with the substantial improvement in child benefits and the new arrangements for school meals.

Social Contract

The Government would continue to work with the TUC through the Social Contract, which 'is not and never was just another phrase for "pay restraint" ', but 'is designed to provide, and has provided, a basis for long-term co-operation between Government and trade unions, resulting from the joint discussion of government policies and of proposals for their construction and implementation'.

Conclusion

Mr Callaghan concluded by asserting that there was a way ahead and, if it were used, a better prospect for Britain. He believed that if Britain could 'get through this period . . . instead of being circumscribed . . . we shall have the growing freedom to try to create the kind of society that we want to see.

'Ours will be a society where those who have may have to forgo in order that those who have not may live better. I believe that our society will

[1] At the time of Mr Callaghan's speech, the Bank of England minimum lending rate (MLR) stood at 8 per cent. The MLR fell further to 7·5 per cent on 5.8.77, and to 7 per cent on 12.8.77.

be able to provide a basis for Britain's industrial future and enable us once again to resume the task of building up our collective services through public expenditure – yes, more public expenditure – on such matters as health, education and housing, and in the other areas where there are needs crying out to be met.'

Balance of Payments

INTEREST, PROFITS AND DIVIDENDS

The importance of interest, profits and dividends (IPD) in the British balance of payments since 1945 is described in an article in the June 1977 issue of *Economic Trends* (HMSO, £1·95, ISBN 0 11 724972 6). In most years since 1945, and indeed earlier, the surplus on invisibles, to which IPD makes a significant contribution, has helped to offset a deficit on visible trade. Thus in 1976 a deficit in the visible trade balance of £3,592 million was partly offset by surpluses on IPD of £1,108 million and on services and transfers of £1,008 million, resulting in an overall current account deficit of £1,476 million.

In general terms this part of the balance of payments accounts includes all interest, profits and dividends accruing to British residents from non-residents (credits) or payable overseas by British residents (debits) after deduction of local taxes and after allowing for depreciation. These components are described in detail in the article.

The main changes in the composition of IPD since 1945, as outlined in the article, are summarised below. Details of credits and debits on IPD in 1964 and 1976 are given in Tables 1 and 2.

International Companies

The role of international companies (excluding oil companies) has become more important in the last ten years, and these companies make large contributions to both receipts and payments, their net contribution to the balance of payments in 1976 being a positive £991 million. In the oil industry, also, international companies have contributed more to British receipts than payments, but in 1976 foreign companies began to earn profits on their North Sea investments, and these profits can be expected to increase sharply in the future.

Table 1
Details of interest, profits and dividends—credits 1964 and 1976

£ million

	1964	1976
Direct earnings	370	2,051
Portfolio earnings	143	234
Interest on export credit – public sector	—	96
Interest on export credit – private sector	22	162
Net earnings of UK banks on borrowing and lending in overseas currencies	1	266
Earnings of UK banks on other lending in sterling	36	211
Other interest receipts and overseas earnings of UK oil companies*	316	691
Total IPD credits	888	3,711

* Includes interest received on official currency reserves, overseas earnings of British oil companies, interest on Government loans, interest on holdings of Special Drawing Rights, earnings on Commonwealth Development Corporation investments, earnings on trusts, annuities and real estate.

Table 2
Details of interest, profits and dividends—debits 1964 and 1976

£ million

	1964	1976
Direct payments	203	1,060
Portfolio payments	70	353
Interest paid on public sector sterling liabilities	115	226
Interest paid by public sector on direct borrowing from abroad	—	99
Interest paid by public sector on overseas currency borrowing from UK banks*	—	287
Interest paid on private sector sterling liabilities	65	298
Interest paid by private sector on direct borrowing from abroad	2	119
Earnings of foreign oil companies in United Kingdom	24	–18
Other interest payments†	16	179
Total IPD debits	495	2,603

* Includes interest on exchange cover scheme borrowing through British banks; interest on the British Government's $2·5 billion loan to British banks *and* to banks overseas; and interests on a small amount of other public sector overseas currency borrowing through British banks.

† Includes interest paid on import credit, IMF charges, interest paid on long-term fixed interest Government borrowing, interest paid on Special Drawing Rights, payments overseas on real estate.

Eurocurrency Market

The contribution to the IPD surplus from British banks has increased substantially in recent years with the rapid growth of the eurocurrency market, of which London is a major centre. This market has grown in Britain to such an extent that the deposits of overseas currencies by non-residents of Britain now exceed £80,000 million and net earnings of the banks in this market alone exceeded £250 million in 1976.

Export Credit

Earnings on export credit have made another significant addition to the balance of payments surplus. Earnings by British banks and by suppliers on all credit extended overseas (including that refinanced by the Export Credits Guarantee Department) exceeded £250 million in 1976.

Sterling Liabilities and Overseas Debt

The decline in the role of sterling as a reserve currency has had its impact on IPD. In 1964, interest on sterling liabilities represented over a third of all IPD debits, while by 1976 this proportion had fallen to one-fifth. At the same time, Britain's dependence

on foreign currency financing of its overseas debt increased and, consequently, interest paid on foreign currency borrowing by both public and private sectors has grown enormously. (While most of the debt in the years immediately after 1945 was reflected in the higher sterling balances of overseas holders, and this method of financing remained important throughout the 1960s and early 1970s, it was supplemented during the 1960s by loans from the International Monetary Fund. During the 1970s there has been more foreign currency borrowing by the public sector, and by the private sector for investment both abroad and in Britain, some of this borrowing in 1976 being made necessary by the large withdrawals of foreign holdings of sterling in Britain.) The offer of foreign currency bonds by the British Government to overseas official holders of sterling announced earlier in 1977 (see p 63) is a further step towards reducing the role of sterling as a reserve currency; and any drawing on the Basle facility of 1977 (see p 63) would contribute to the same objective.

Industrial Strategy

The progress of the Government's industrial strategy (see p 122) was reviewed in two conferences in London, on 22 June and 11 July, attended by members of the Government and representatives of industrial employers, trade unions, economic development committees and the sector working parties. Through the sector working parties, industrialists and trade unionists reported to the Prime Minister, the Chancellor of the Exchequer and ministers from the Industry, Trade and Employment Departments on developments in the industrial strategy programme; and various issues, such as the question of industrial investment and productivity, the means of increasing Britain's penetration of world markets, and problems in the home market, were also discussed.

Work so far carried out by the 39 sector working parties has identified action needed to increase British industry's competitiveness, especially in overseas markets; to put an end to bottlenecks which prevent a quick response to increases in demand; to invest more, and to make better use of existing plant; and to make better use of manpower. The Secretary of State for Industry, Mr Eric Varley, has visited a number of major manufacturing companies for discussions about the performance, prospects and problems of each and about how the Government can help them to achieve their objectives. The success of the industrial strategy rests ultimately on the ability of companies to make decisions and act upon them; a two-way flow of information is being encouraged through the industrial strategy framework, so that companies may know what support the Government can provide and ascertain its plans affecting the environment in which each sector operates, while the Government is kept informed by industry and trade associations on any specific action they require from it.

Product and Process Development

Product development is a key element in the industrial strategy programme. The Government is stressing the need in a number of industries which are central to export performance to develop and concentrate more on new high technology and high added-value products. The activities of the National Enterprise Board, particularly with regard to some of the newer industries (see pp 231-3), are important in this connection. At the conference on 11 July Mr Varley announced that a new scheme was to be introduced to provide more widely-based support for the development of new products and processes in manufacturing industry and on 18 July in a parliamentary reply he gave further details (*Hansard*, written answers, cols 323-4). He said that in the first instance £20 million was being made available for the scheme, which consolidated and extended the support already available under the Science and Technology Act 1965. More emphasis is to be given to the stages of development between the prototype stage and full commercial production so that the new products and processes are brought to the market. Previous support has taken the form of collaborative development contracts and pre-production orders. Several hundred contracts, in which the Government provides a proportion of total development costs, have been placed in recent years covering a great range of activities, but generally these have met development costs only up to the prototype stage. Pre-production orders are a form of support under which the Government purchases items of equipment from a manufacturer and loans them so that users can test them in their particular environment before deciding to purchase. Grants for product and process development have also been available under several recent schemes for selective assistance and certain sectoral schemes under the Industry Act 1972 (see p 356, 1976), but the new scheme makes grant assistance available for the first time to manufacturing industry as a whole. Projects from any sector of manufacturing industry will be eligible for consideration, though the main emphasis of the scheme will be on mechanical and electrical engineering. Assistance will be given on a selective basis; applications will be considered in their industrial context and in relation to the aims of the industrial strategy. The assistance will normally take the form of a grant of up to 25 per cent of qualifying costs or, as an alternative, a shared cost contract where the Government will provide up to 50 per cent of qualifying costs in return for a levy on commercial sales. The criteria for assistance will include the following:

1 the project or programme must be likely to be successful and to contribute significantly to strengthening the company's capability;

2 the project or programme would not go ahead within a reasonable time scale without the assistance;

3 projects or programmes will normally be not less than £25,000 or more than £1 million.

Other Financial Incentives

Complementary to support for new product development within the industrial strategy programme are

efforts to increase investment and improve productive efficiency in manufacturing industry. The Minister of State at the Department of Industry, Mr Alan Williams, described to Parliament on 27 June the effects of several schemes under which the Government had provided assistance for industrial investment (*Hansard*, cols 149-54). The accelerated projects scheme, for example (see p 355, 1976), had generated £640 million of new investment for £84 million of Government expenditure, leading to the creation of new orders placed with the construction industry and for plant and machinery suppliers in Britain. This, in turn, had led to the creation of 13,000 permanent jobs in these sectors and by 1980 the projects financed would be creating £500 million a year towards the balance of payments.

The selective investment scheme (see p 123) which succeeded the accelerated projects scheme received more applications in its first three months of operation than were received for its predecessor, Mr Williams said, suggesting that there was a growing impetus in the will to invest in industry. So far a total of nine projects had been approved, which would provide £43 million of investment for £4 million of Government assistance. A further 80 applications were being considered and if these were approved they would generate another £414 million of investment.

In addition, under the Industry Act 1972, there are 12 sectoral schemes related to individual industries: by the end of June commitments under these totalled £70·8 million. Mr Williams spoke of the scheme for the ferrous foundry industry, a critical supplier to the engineering, steel and construction industries, which in the past had been noted for its unwillingness to invest. The industry was now involved in unprecedented expansion and development as a result of the scheme and applications had resulted in offers amounting to £35 million for 200 projects that would generate £165 million of investment. The machine tool industry had previously caused concern because of its inability to invest at the right time – namely, during a recession. The lowering of the threshold for applications, on the advice of the sector working parties, had enabled the assistance scheme to be an effective incentive to investment (assistance of some £8 million has already been approved under this scheme towards some 60 projects costing about £45 million and further applications under consideration would generate investment of £72 million). A total of 175 companies were taking advantage of the scheme in the clothing industry. In the newer sectoral schemes, Mr Williams said, the initial response had been encouraging. Under the offshore supplies scheme (see p 291, 1976) commitments totalling £115 million had already been given.

Although the ferrous foundry scheme has now closed for applications, the response has been such that many applications are still being assessed. So that industrial modernisation in this sector can be achieved, a further £40 million was announced by Mr Varley on 18 July, bringing the total allocation up to £80 million. A further £10 million has been allocated to the machine tool scheme, increasing the total allocation to £30 million.

Manufacturing Technology

The need to make fuller use of available technology in meeting market requirements is also recognised in the industrial strategy programme. The Department of Industry is strengthening the links between its research and development requirements boards (which examine the objectives and priorities of research and development in specific fields and advise the Government on its financial support) and the sector working parties. This will assist the dissemination of existing knowledge and its application to immediate industrial problems. Much of the technology available exists outside Britain: the department has participated with the British Library, the Chemical Society and the Institution of Electrical Engineers in setting up an information retrieval service known as Info-Line. Other initiatives which help to make specialist technological advice more readily available include the Design Council's engineering design and advisory service and the new Manufacturing Advisory Service (see p 206), intended to bring in the expertise of industrial research associations, consultants, universities and Government research establishments to help smaller and medium-sized manufacturing firms.

Local Government and the Industrial Strategy

As part of the Government's industrial strategy, local authorities are being urged to give priority to industry across the whole range of their functions. A joint circular,[1] issued on 11 July by the Department of the Environment and the Department of Transport, emphasises the importance of the attitudes, policies and decisions of local authorities throughout England to the health and confidence of industry. It calls on all authorities to see what more they can do to support industry.

The value of setting up an identifiable point of contact at which firms can get quick advice from local authorities and of establishing regular means of communication is given special mention. Such a focal point would be responsible for co-ordinating the authority's own information on the local industrial position with Government departments and other bodies; guiding industry through local authority procedures; explaining exactly what help the authority can or cannot provide; and suggesting alternative sources of assistance.

The circular proposes action in the planning, housing and transport fields. It states that first priority should be given to the handling of all industrial planning applications. The Department of the Environment will similarly give priority to work affecting industrial development, including the handling of planning applications, appeals and matters concerning building regulations.

Other points in the circular include the need for a flexible approach to development control; the need for consultation with industry in drawing up local plans; and the importance of improving labour mobility by arranging the provision of housing to meet the needs of people moving to work in a new area.

[1] *Local Government and the Industrial Strategy*. HMSO, 25p. ISBN 0 11 751202 8.

Industry, Education and Management

The importance of the part played by managers in improving British industry's economic performance was emphasised by Mr Varley on 25 July when he announced the publication of a discussion paper on industry, education and management.[1] He said that industry in Britain had many first-class managers who made vital contributions to the economy, but more top-class managers were needed and every effort had to be made to ensure that manufacturing industry attracted more able young people and that they received the best possible education and training. The performance of existing managers had also to be improved where it did not already match the best.

The paper, prepared after consultation with senior industrialists, educationalists and others, examines some important influences on the supply, use and development of able people for management in manufacturing industry. It looks at the relationship between education and industry (see also p 319), and examines such factors as the image of manufacturing industry, management incentives and differentials, industry's use of graduates and the role of the professional engineer. The subject is an extremely broad one and the paper concentrates only on certain aspects of it but is particularly concerned with manufacturing industry – as the focus of the industrial strategy – and the need to improve manufacturing performance.

British Leyland

The National Enterprise Board (NEB) has issued a further report[2] on the performance of British Leyland up to the end of June in which it concludes that the high level of production over the last three months of this period has been sufficient to justify the provision of further funds. The report also gives the NEB's considered views on progress towards achieving a radical improvement in industrial relations. It concludes that solid progress has been made but emphasises that much remains to be achieved. The NEB recommends that it should be authorised to release further loan funds of up to £100 million, subject to its being satisfied that progress on industrial relations reform is maintained.

The Secretary of State for Industry, Mr Eric Varley, said on 25 July that the Government had accepted the NEB's recommendation for the release to the company of up to £100 million in loan funds (*Hansard*, cols 48-9). He said that the Government had decided that this sum should be met from NEB's funds, since this arrangement would emphasise the NEB's responsibility for satisfying itself that sufficient progress on industrial relations reforms is being maintained at each stage at which the company seeks to draw on the new tranche. [The previous tranche of £100 million was authorised one year ago, see p 354, 1976, and paid to British Leyland in February/March 1977.]

Mr Varley noted that the NEB's report anticipated a further requirement for funds before the end of the present financial year. This was in line with the original expectation in the Ryder report (see p 204, 1975) that a total of £200 million would be needed this year. He said that he would be receiving a recommendation from NEB about the remaining part of this year's requirement when NEB reported further to him on its review of British Leyland's forward plans.

[1] *Industry, Education and Management*. Single copies obtainable from Department of Industry, Room 601b, 1 Victoria Street, London SW1H 0ET.

[2] *Report to the Secretary of State for Industry on the Performance of British Leyland Ltd.* National Enterprise Board, 12-18 Grosvenor Gardens, London SW1W 0DW.

Steel Industry

BSC ANNUAL REPORT

A reduced deficit was announced by the British Steel Corporation (BSC) in its annual report and accounts[1] for the financial year ended 2 April 1977, published on 19 July. Turnover rose from £2,357 million in 1975-76 to £3,059 million in 1976-77 and the deficit after taxation amounted to £95 million (compared with the loss of £255 million in 1975-76) which represented a smaller loss per tonne of output than in the case of some overseas competitors.

In his opening review, Sir Charles Villiers, the chairman of the corporation, states that the demand for steel, especially at home, will grow much more slowly than forecast by the ten-year development strategy adopted in 1973 (see p 127, 1973). If BSC is to continue its strategy, the cost of the investment programme (which, due to inflation, has at least doubled from the original 1973 estimate of £3,000 million) will require the infusion of £4,000 to £5,000 million over the next five years by agreement with the Government.

The ten-year development strategy has seriously slipped in time, Sir Charles says, and must now be regarded as having a time scale of at least 15 years. The corporation will not abandon its objectives but the time slippage necessitates some modifications. The corporation is therefore gearing its plan, much of which is now in hand, to a liquid steel-making capacity in the order of 30 million tonnes a year in 1981-82 from a modern, balanced and profitable industry, capable of logical expansion. From that time onwards, expansion will depend on demand and particularly on the rate at which the British economy grows and responds in the next five years to the benefits from North Sea oil. The corporation has already anticipated requirements for additional strip mill products which has caused it to plan the doubling of Port Talbot's capacity from

[1] *British Steel Corporation*. Annual report and accounts 1976-77. HMSO, £1. ISBN 0 901894 53 2.

3 to 6 million tonnes a year, the first part of this new plant beginning to commission in 1982. Sir Charles says that the corporation expects that the steel industry will recover from its present state of depression and that it does not expect the cyclical movements in trade to be so violent in future. The corporation also assumes that successive Governments will give stability to the industry and continue with the investment strategy.

Under such circumstances the corporation can see no reason why it should not earn enough profit in good years to offset the losses in bad years.

Financial Result

The corporation strove to recover from the effects of the severe, worldwide trade recession of 1975-76 but attempts to break even were frustrated largely by the failure of steel demand to reach expected levels, especially in the home market during the second half-year; rising costs, including higher costs of imported raw materials brought about by sterling devaluation; plant failures and breakdowns; and interruptions to production through unofficial disputes and embargoes.

The corporation raised its prices early in 1976-77, when demand recovered. But the recovery was not sustained and opportunities for further price increases were limited. Yet cost increases continued; this worsening cost/price relationship for steel products is a worldwide problem and means that the corporation needs to operate at close to maximum capacity, if it is to be profitable. But in the market conditions of 1976-77 its sales fell far short of that capacity and hence it showed a substantial loss.

Cash Limits

The Government introduced the policy of cash limits to apply to nationalised industries' external finance in 1976-77 as part of its measures for bringing public expenditure under close control. The limit for the corporation, within which it remained, was £950 million. The cash limit for 1977-78, as published in the Government's *Financial Statement and Budget Report 1977-78* (see p 152), is also £950 million. The report says that this will be a tight limit in view of the weak market prospects, but the corporation intends to stay within it. To do so, BSC has reduced the previously planned capital expenditure programme for 1977-78 and must tightly control working capital requirements.

Borrowing Limit

The Iron and Steel (Amendment) Act 1976 increased the corporation's statutory borrowing limit from £2,000 million to £3,000 million, with provision for a further increase to not more than £4,000 million by order of the Secretary of State for Industry, subject to approval by Parliament. Total outstanding borrowings counting against the limit had reached £2,285 million by the end of the 1976-77 financial year and steps are being taken to seek an increase in the limit in accordance with the provisions of the Act.

Investments

The corporation made a number of acquisitions and investments in diversified activities during the year including a one-third interest in Six Hundred Metal Holdings, the major British metal recovery subsidiary of the 600 Group; a further 25 per cent shareholding in Alloy Steel Rods; and the establishment with the Swedish company, Elektriska Svetsningsaktiebolaget, of a jointly-owned company, Sarclad International, to market internationally a process for cladding mill rolls with welded surfaces which will supplement traditional roll replacement.

Sales and Manufacture

The corporation's basic objective over the year was to secure a larger home market share and to raise export levels. In the first half-year deliveries were constrained by production difficulties, while in the second half-year production capability improved and, while home demand failed to reach expected levels and home deliveries were about 10 per cent below forecast, some success was achieved in combating immense import pressures and weak export markets. By the end of the year BSC's home market had started to recover and its exports were running at the highest annual rate in five years.

Imports, particularly of strip mill products and plate, were high throughout the year. The pressures on the corporation were intensified by imports from Europe, where producers were also suffering from severe import penetration from third countries.

A major campaign has been launched to improve BSC's relationships and communications with customers with a view to promoting greater awareness of the corporation's competitive strengths and understanding of the corporation's problems, and restoring confidence in its ability to serve the market.

Export sales reached 2·7 million tonnes, compared with 2·2 million tonnes in the previous year. This improvement was achieved despite the continuing depression in the world market. During the year, the corporation actively sought additional overseas markets, especially in third world countries offering potential for increased exports in future years. A campaign to assist home customers to export has also been successfully launched and has resulted in a significant further increase in British deliveries over the level compatible with domestic consumption.

Co-operation with European Producers

A new organisation of European Community steel producers, called Eurofer, was formed during the year to promote co-operation in an officially recognised forum between the various national steel organisations and companies, and to represent their interests in the European Community. It aims to further the harmonious development of the European steel industry by consultation, exchange of data, studies and other activities.

The critical state of the European steel industry led the European Commission to introduce the Simonet plan which involved the voluntary limitation of deliveries of certain products within the European Community from 1 January 1977. When the market situation worsened further proposals were prepared by Viscount Davignon, European Commissioner for Internal Market and Industrial Affairs. These were designed to rationalise the European steel industry on the basis of three main

principles: the institution of guideline prices; the automatic surveillance licensing system for imports; and Community finance for running down old capacity and for modernisation.

Commercial Activities

The corporation has striven to enhance its commerciality and to ensure that the customer remains at the centre of its activities. A new system of internal organisation was introduced in April 1976 (see p 361, 1975) and, wherever possible, independent profit centres have been recognised. For the major part of the corporation's iron and steel business, where this was not possible, four main (and one smaller) multi-functional product units have been established with responsibility for sales and plant loading, namely, BSC Billet Bar and Rod Products; BSC Plates; BSC Sections; and BSC Strip Mill Products, together with BSC Narrow Strip Products. These units are designed to improve the corporation's service and its responsiveness to customers and also to facilitate more effective plant loading.

Steel Production

Liquid steel production in the year was 19·7 million tonnes, compared with 17·2 million tonnes in 1975-76. Steps were taken to improve output and productivity at plants with a long-term future by identifying bottlenecks which could be removed at relatively low capital cost.

Agreement was reached with the Government for the corporation to continue the arrangements, first agreed in 1975-76, for building up stocks of semi-finished steel in readiness for the increase in demand. Within the overall cash regime, £50 million was made available in 1976-77 for this purpose.

The corporation's new policy of much greater decentralisation placed substantially more responsibility during the year on divisional managing directors and their staffs in the manufacturing divisions, and on the works. Decision-making is now being decentralised as far as possible. Manufacturing operations and industrial relations are primarily the responsibility of local management and divisions have been given authority to approve individual investment projects costing up to £2 million. The overall aim of this major change of emphasis in policy is to stimulate local involvement and leadership.

Personnel

Manning reductions during the year were pursued at local level, according to divisional circumstances, and in a manner designed to minimise damage to industrial relations. The corporation has adopted a firm policy of establishing best international manning standards for major development schemes, by prior agreement with the trade unions, before the schemes are approved.

The 'Steel Contract', which the corporation has proposed to the unions, covers much of the ground of the Joint Statement (see p 336, 1976) made in January 1976, and is designed to provide a fresh initiative for the achievement of a full partnership between the corporation, its trade unions and workforce, and harmony in industrial relations.

The *Report of the Committee of Inquiry on Industrial Democracy* (see p 71), dealing with industrial democracy in the private sector, was published in January 1977. Industrial democracy in the public sector has been the subject of separate consideration by the Government which has announced its view that nationalised industry employees have the right to board level representation.

The corporation has already made considerable progress in this area. It established an employee director scheme at divisional level in 1968, and there has for some time been an employee element on the main corporation board. The corporation is willing to see this employee element increased on the board, which operates as a policy board. It would wish to pursue this further in the context of the 'Steel Contract' being discussed with the trade unions.

Apart from this issue, the corporation attaches great importance to improving the consultative machinery further, again within the context of the 'Steel Contract'. A broad outline of proposals has been discussed with the Government and the trade unions. The proposals look to the establishment of a steel council as the top, senior body for the industry and the apex of the corporation's consultative system. The council would complement the existing joint consultative committees at divisional, works group and works level.

The 'Steel Contract' has still to be achieved and BSC accepts that negotiations will be difficult because of the delicate nature of the subjects for discussion. Nevertheless, these will be pursued energetically, and the corporation hopes for an early and positive response to its proposals from the individual trade unions and from the TUC Steel Committee.

The number of employees at the end of 1976-77 was 207,900 compared with 210,200 a year earlier.

Capital Expenditure

Having regard to its overall cash limit in 1976-77, the corporation reduced its capital expenditure in the year below the level previously planned. Some starts had to be postponed to later years so that the reduction could be achieved. In the event, the total level of capital expenditure in 1976-77 was £579 million. This figure exceeded the previous record level of £530 million and represented about 30 per cent of total steel investment in the European Community.

Work continued on implementing the ten-year development strategy and new plant of £203 million in value was commissioned during the year. As the chairman pointed out in his opening review, it is now clear that the strategy will take at least 15 years to implement from 1973, rather than the ten years then envisaged. The major capital investment involved is expected to increase the corporation's total net assets by £4,000 to £5,000 million over the next five years.

In March 1977, the Secretary of State stated that the Government welcomed proposals by the corporation for the development of liquid steel capacity at Port Talbot. It is planned that capacity will reach 4 million tonnes a year by 1981-82 and 6 million tonnes a year by 1985-86. The estimated capital cost is £835 million (at March 1977 prices). The corpora-

tion withdrew its earlier proposals to close iron and steel making at its Shotton plant and recognised that Shotton's output would be needed for many years to come. This will ensure that customers' needs are met during the period when output at Port Talbot could be affected by the major development work there.

Environmental Expenditure

Capital expenditure in 1976-77 on pollution control measures, though considerable, was curtailed by the severe restrictions on capital investment generally. Over £11 million was spent in the year on specific environmental schemes excluding the cost of environmental elements inherent in major development schemes.

Research and Development

Expenditure by the corporation on research and development totalled £21 million in 1976-77.

During the year, the corporation's laboratories were reorganised into six major groups, each providing specialist and neighbourhood support to those who make and sell steel. This was in line with one of the corporation's main research and development objectives, to support the production and commercial functions in improving performance and quality standards. A longer term objective is to exploit opportunities for improving or introducing new processes or products.

Priority is given to cost reduction in the primary operations and to co-operation with customers in improving product quality and in developing new steels. The work of the laboratories is closely associated with the capital development programme to ensure that new plant and equipment incorporates the best technology available. Joint research programmes with the European Community are being maintained. Contracts currently in force are valued at about £3·5 million.

New developments and ventures concerning research and development during the year included the major formed coke plant being constructed at Scunthorpe which is designed to make blast furnace coke from cheaper coals unusable in conventional coke ovens; the development of a system for the recovery of tin and scrap metal from domestic refuse; the formation of Ruthner Continuous Crop Systems, a subsidiary of the corporation, to evaluate and develop greenhouse technology based on steelworks and other waste heat schemes; the commissioning of an electroslag refining plant in Scotland for the production of very high quality slabs for sophisticated applications; and the development of improved coated steel products, including non-stick finishes for kitchenware.

British Steel Corporation (International) Ltd

BSC (International) Ltd, the corporation's overseas holding company, made group profits in 1976-77 of £21·4 million before tax. BSC (Overseas Services) Ltd, a subsidiary company which provides a full range of technical, advisory and project management services for steel-related developments overseas, received a Queen's Award for Export Achievement in April1977.

Energy

The nationalised energy industries maintained the improvement in their financial results during 1976-77, according to their recently published reports and accounts.[1] Among various successes reported by the industries are the considerable progress made on the long-term investment programme for the coal industry, while the industry's accident rate (already among the lowest in the world) was the lowest on record; a financial return which enabled the British Gas Corporation to fund capital requirements entirely from its own resources and repay some of its loans; and record levels of thermal efficiency at conventional power stations, accompanied by successful operation of the Magnox and advanced gas-cooled reactor nuclear power stations. Information from these reports and details of a Government statement on the reorganisation of the electricity supply industry in England and Wales are given below.

COAL

Although coal output declined, the operating profit of the National Coal Board (NCB) and its subsidiaries more than doubled to £109·8 million in 1976-77; after interest payments and other items there was a net surplus of £27·2 million. Income rose by £340·9 million to £2,534·7 million, of which sales of coal accounted for £2,042·2 million and sales of coke for £146·3 million, and expenditure was £2,424·9 million.

The total internal supply of coal in 1976-77 was 120·3 million tons (1 ton = 1·016 tonnes) including 106·6 million tons from the NCB's deep mines, 5 per cent less than in 1975-76, and 11·2 million tons from opencast sites where operations were 'highly successful'. Declining productivity in its deep mines was a serious disappointment to the board and action was taken to reduce operating costs when the decline became evident. The first new NCB mine in Britain for six years was opened at Royston (South Yorkshire) and productivity of 5 tons per manshift, more than double the national average (2·2 tons), has already been attained.

Consumption of coal increased by 2 per cent to 122·7 million tons in 1976-77. Power stations took a record 77·8 million tons, 3·2 million tons more than in 1975-76, while coke ovens increased consumption by 1·1 million tons to 19·3 million tons. However, domestic and other industrial consumers took less coal than in the previous year.

[1] *National Coal Board. Report and Accounts 1976-77.* NCB, Hobart House, Grosvenor Place, London SW1X 7AE, £1. ISBN 0 901429 98 8. For operating statistics of the coal industry see *National Coal Board Statistical Tables 1976-77.* Available free from the NCB. ISBN 0 901429 99 6. *British Gas Corporation. Annual Report and Accounts 1976-77.* BGC. HMSO, £1·50. ISBN 0 903545 24 1. *The Electricity Council. Annual Report 1976-77.* The Electricity Council, 30 Millbank, London SW1P 4RD, free. See also *The Electricity Council. Statement of Accounts and Statistics 1976-77.* HMSO, £1·80. ISBN 0 85188 067 3. *Central Electricity Generating Board. Annual Report and Accounts 1976-77.* CEGB, Sudbury House, 15 Newgate Street, London EC1A 7AU, £2. ISBN 0 902543 51 2. For operating statistics see CEGB *Statistical Yearbook 1976-77.* Available free from the CEGB. ISBN 0 902543 52 0. *South of Scotland Electricity Board. Report and Accounts 1976-77.* SSEB, Cathcart House, Inverlair Avenue, Glasgow G44 4BE, free. *North of Scotland Hydro-Electric Board. Report and Accounts 1976-77.* NSHEB, 16 Rothesay Terrace, Edinburgh EH3 7SE, free.

Note: The NCB's report covers the financial year from 28 March 1976 to 26 March 1977; the other reports cover the year ended 31 March 1977.

Investment

Capital expenditure increased from £211 million in 1975-76 to £266 million in 1976-77. During 1976-77 the NCB approved 30 major capital investment projects at existing collieries, bringing approved investment under the 'Plan for Coal' to £847 million covering 97 projects designed to produce 27 million tons of additional output a year by the mid-1980s. This included £413 million for the Selby complex in North Yorkshire where initial construction work was started in October 1976. Exploration at Selby and in the large north-east Leicestershire coalfield was completed under the board's exploration programme which continued at a high level and confirmed over 1,000 million tons of extractable coal reserves at potential new mining sites. A tripartite review of the industry, covering 'Plan for Coal' and prospects to the year 2000, reaffirmed support for the implementation of the plan (see pp 125-6).

Employment, Safety and Training

The number of men at the NCB's collieries fell by 1,580 to 242,076 at the end of March 1977. There was an encouraging start to the board's recruitment campaign in anticipation of the voluntary early retirement scheme for miners, which came into effect on 1 August 1977, and the average age of miners fell to 42·8 years, the lowest since 1964. Training activities were increased in view of the high proportion of recruits new to the industry and of the need to replace face workers who were thought likely to retire under the voluntary early retirement scheme; expenditure on training amounted to £24·5 million in 1976-77. The declining trend in accident rates in the industry was maintained and the number of fatal accidents (38) and the casualty rates (1·05 casualties per 100,000 manshifts) were the lowest on record.

GAS

Finance

The turnover of the British Gas Corporation and its subsidiary companies rose from £1,565·6 million in 1975-76 to £1,957·5 million in 1976-77. Sales of gas amounted to £1,703·2 million and of appliances to £119·7 million. The corporation's operating profit was £199·5 million, which represented a rate of return on net assets of 9·3 per cent, compared with 8·8 per cent in the previous year. After interest payments and other items, the corporation had a net profit of £31·5 million, as against £25·1 million in 1975-76. The report notes that the most encouraging aspects of the corporation's financial progress were that it could fund its capital requirements entirely from its own resources and repay some of its loans. Total funds generated from internal sources amounted to £545·3 million, of which £357·2 million was used to meet the corporation's capital requirements and the remainder to reduce the amount borrowed to £2,100 million. A major feature was the absence of new borrowing from the Government's National Loans Fund.

Supplies and Sales

The aggregate quantity of gas available rose by 2·8 per cent in 1976-77 to 14,741 million therms (1 therm = 105,506 kilojoules), of which natural gas from six fields in the British sector of the southern North Sea contributed 97 per cent. Sales of gas rose to 13,837 million therms, but the increase was concentrated in the commercial and domestic markets, where sales rose by 7·4 per cent and 4 per cent to 1,547 million therms and 6,183 million therms respectively. Sales to industry rose by only 0·6 per cent to 6,107 million therms, reflecting the relatively low level of economic activity and the adoption by industry of energy-saving practices. However, industry will be receiving greater supplies of gas after the start of production in the Frigg field in the autumn of 1977 and many contracts (including one to supply over 100 million therms a year to the British Steel Corporation's proposed direct reduction plant at Hunterston in Strathclyde) were concluded, while several others were being negotiated. The programme of converting appliances to use natural gas was completed in England and Wales and, of the corporation's 14·2 million customers, only 97,000 in Scotland remained to be connected to the natural gas system; conversion in Scotland should be completed in the autumn of 1977.

Investment

Capital investment amounted to £243·7 million in 1976-77 and was mostly devoted to the construction programme to handle gas from the Frigg field and to the development of offshore gasfields. The first phase of the terminal at St Fergus (Grampian) was completed and good progress was made on the remaining pipeline projects in Scotland (between St Fergus and Carlisle), while in England the pipeline between Carlisle and Bishop Auckland (Durham) was commissioned and construction work continued on the pipeline from Wisbech (Cambridgeshire) to Mappowder (Dorset). The corporation plans to use 42-inch (107-mm) diameter pipeline for the first time in the national transmission system in the proposed pipeline between Bishop Auckland and Yafforth (North Yorkshire).

Consultancy

Overseas earnings by the corporation's International Consultancy Service totalled some £8 million in 1976-77. General consultancy work continued at a high level in several countries. In the Irish Republic the service is the main consultant to the Irish Gas Board for the pipeline system being designed to bring ashore gas from the natural gasfield in Irish waters.

ELECTRICITY

England and Wales – Annual Reports

The electricity industry in England and Wales, comprising the Electricity Council, the Central Electricity Generating Board (CEGB) and the 12 area electricity boards, increased its operating profit from £433 million in 1975-76 to £636·5 million in 1976-77, which represented a rate of return on average net assets (£6,124 million) of 10·4 per cent, as against 7·3 per cent in the previous financial year. The industry's income amounted to £4,143 million. The profit, after interest payments, was

£206·5 million, compared with £8·5 million in 1975-76. Capital expenditure in 1976-77 was £704 million, of which 94 per cent was financed internally, and expenditure on research and engineering development amounted to £41·7 million. Employment in the industry fell by 3·6 per cent to 160,900 in March 1977.

Output and Sales

The industry's power stations supplied 208,566 gigawatt hours (GWh) of electricity in 1976-77, 1·9 per cent more than in 1975-76. Nuclear power stations increased their contribution from 10·3 per cent to 12·4 per cent, while virtually all the remaining electricity was produced by conventional stations fired by coal, oil or gas. Some 1,296 megawatts (MW) of new plant were commissioned, but the CEGB's programme of closing smaller, less economic power stations continued, resulting in the closure of 27 stations with a gross capability of 3,790 MW. The CEGB's gross capability at the end of March 1977 amounted to 60,017 MW, 4 per cent less than a year earlier. Demands on the electricity system were met in full throughout the year and thermal efficiency of conventional stations rose from 31·26 per cent in 1975-76 to a record 31·59 per cent in 1976-77, leading to a saving of some £17 million on fuel costs. The improvement stemmed partly from a higher proportion of output being obtained from the more modern stations and partly from improved thermal performance of individual power stations. The performance of the Magnox nuclear power stations exceeded expectations and on some days the energy output from nuclear stations was greater than that from oil-fired stations. In 1976-77 power stations consumed 97·4 million tons of coal equivalent, with greater inputs of gas and nuclear electricity, although consumption of oil was the lowest since 1969-70.

Area board sales of electricity rose by 1·2 per cent to 191,960 GWh in 1976-77 mainly as a result of higher industrial and commercial sales. Sales to industry grew by 6·8 per cent to 78,360 GWh, accounting for 41 per cent of electricity sales, and sales to commerce rose by 3·1 per cent to 32,246 GWh. Sales to domestic consumers fell by 4·4 per cent to 71,766 GWh reflecting the lack of growth in real personal incomes and the response to appeals to use energy more efficiently. However, the boards increased their turnover in electrical appliances by £20 million to £141·5 million in 1976-77 and higher numbers of most appliances, especially refrigerator-freezers, water heaters and clothes dryers, were sold.

In April 1976 the industry strengthened its overseas consultancy service with the establishment of British Electricity International Ltd as a wholly owned subsidiary company of the Electricity Council. Its activities are supported by the two boards in Scotland and the Northern Ireland Electricity Service. The aim of the company is to provide a comprehensive consultancy service on all aspects of electricity supply to electricity undertakings and governments overseas.

Reorganisation

The Secretary of State for Energy, Mr Anthony Wedgwood Benn, announced in the House of Commons on 19 July (*Hansard*, cols 1384-94) that the Government would introduce legislation setting up a new central body to be responsible for the electricity supply industry in England and Wales as a whole and abolishing the Electricity Council, the CEGB and the area electricity boards as constituted at present. Mr Benn said that he had carefully considered the structure of the industry in the light of the findings of the Plowden Report (for publication details, see p 94, 1976), and he had had extensive consultations with management and unions in the industry. The committee had found that the industry's main weakness was a lack of strategic control and direction, while the Electricity Council, which had a mostly advisory role, was not equipped to give the industry the strong leadership it required; accordingly the report had recommended that the industry should be unified under a single statutory body which would take over the responsibilities of the council and boards. He fully accepted that the industry needed a structure which promoted more effective policy-making and decision-taking, and there was also a need for a legislative framework providing greater flexibility for the industry to adapt its internal organisation.

Mr Benn outlined the proposed new structure of the industry. He said that the new central body would have powers and duties similar to those of other nationalised industry boards. It would be responsible for the industry's policy on finance, commerce, engineering, research and development, and industrial relations. However, the Bill would not lay down the industry's internal organisation, but would include provisions to enable the Secretary of State for Energy to prescribe this, after consulting with the central body, in subordinate legislation. Mr Benn indicated that the intention was to bring in an Order which would set up a board for generation and boards for local distribution. These would operate in the same areas as the present boards and have similar functions, but their capital and revenue budgets and tariff proposals would be subject to approval by the central body as part of an overall plan for the industry. Legislation would place the central body under a duty to promote industrial democracy and would make provision for safeguarding the interests of consumers. (The Secretary of State for Prices and Consumer Protection, Mr Roy Hattersley, announced on 19 July his intention of establishing an Electricity Consumers' Council to give 'the electricity consumer an influential and clearly heard voice at national level' [*Hansard*, written answers, col 465].) Mr Benn said that he believed that the proposed changes would meet the need for greater coherence in policy and planning in the industry; he hoped that the industry would co-operate in introducing some of the changes in the relationship between the existing boards and the centre of the industry in advance of the legislation.

South of Scotland

The South of Scotland Electricity Board (SSEB) achieved a record net surplus of £22·3 million in 1976-77. Income rose by 22 per cent to £355·9 million and the board's operating profit was £84·7 million, while the return on average net assets was 12 per cent, compared with 9·4 per cent in 1975-76.

Among the factors contributing to the improved

performance were significant economies in all areas of the board's business and a 2 per cent growth in electricity sales (to 17,524 GWh), but the report says that the most important factor was the performance of the Hunterston B nuclear power station. The first unit of the advanced gas-cooled reactor station, commissioned in February 1976, was quickly brought up to its interim output of 500 MW and operated so successfully that its budgeted output was substantially exceeded. As nuclear fuel costs were about one-quarter of the fuel costs of fossil-fuelled stations, savings of £7·5 million in lower fossil fuel usage accrued to the board. Nuclear power stations contributed about 29 per cent of the electricity produced in the south of Scotland in 1976-77 and the proportion is expected to increase to 37 per cent in 1977-78. The output capacity of the board's generating plant rose by 1,101 MW to 7,183 MW at the end of March 1977, the increase being obtained from the commissioning of the second unit at Hunterston B in March 1977 and of the first 660 MW unit of the three-unit oil-fired station at Inverkip in Strathclyde in December 1976.

North of Scotland

In 1976-77 the income of the North of Scotland Hydro-Electric Board rose by 20 per cent to £127·3 million. The board achieved a trading surplus of £39·5 million and its rate of return on net assets improved from 7 per cent in 1975-76 to 9·4 per cent in 1976-77. A net surplus of £5·9 million was recorded, compared with £0·1 million in the previous year. A notable feature of the year's operations was the recovery in electricity consumption which grew by 3·8 per cent to 7,225 GWh. Sales targets were exceeded, mainly as a result of the cold winter, with sales to industrial users rising by 11·8 per cent and to domestic consumers by 5·4 per cent. The board also benefited from the greater output of the nuclear power stations in the south of Scotland and took 15 per cent more units of electricity from the SSEB than in 1975-76.

The board's installed capacity was 2,176 MW in March 1977. Capital investment in 1976-77 was £77·2 million, of which £60·8 million was incurred on the power station at Peterhead and associated transmission lines. The first 660 MW unit at Peterhead should enter service early in 1979. Preliminary discussions have been held with local authorities and other interested bodies in connection with the board's proposal to develop a pumped-storage station of 3,200 MW capacity at Craigroyston on Loch Lomond.

Water Supply

The Government is to proceed with its plans to establish a National Water Authority to prepare and co-ordinate a national strategy for water services in England and Wales, according to a White Paper published on 13 July.[1] The Government's proposals take account of a wide range of comments received on its consultative document issued in March 1976 (see pp 173-4, 1976). Legislation to implement the decisions in the White Paper will be brought before Parliament 'at the earliest opportunity', while consultations will be held on the details of implementation. The proposals allow for the establishment of a Welsh Assembly (see pp 3-5), but if changes are made before the assembly is set up, some modifications will be required.

[1] *The Water Industry in England and Wales: the Next Steps.* Cmnd 6876. HMSO, 60p. ISBN 0 10 168760 5.

National Water Authority

The White Paper says that although much has been achieved by the water supply industry in the development of policies in individual areas, such as finance, there has been a lack of effective central planning, and the drought of 1976 (see pp 359-61, 1976) indicated that planning in the water industry must be co-ordinated on a national basis. Accordingly the Government has decided to establish a new National Water Authority (NWA) which will replace the National Water Council and incorporate the Central Water Planning Unit (controlled jointly by the industry and the Department of the Environment), the Water Research Centre and part of the Water Data Unit of the Department of the Environment. It will also beome responsible for the operations of the British Waterways Board; the White Paper says that the Government remains convinced of the desirability of bringing the management of the waterways into the water industry and of creating a national navigation authority, but further work is necessary to establish the best permanent arrangements for the waterways, especially their method of finance. The Government considers that the NWA should have about 20 members including the chairmen of the ten water authorities – the nine regional water authorities in England and the Welsh National Water Development Authority. Members will be appointed by ministers, with the exception of one to be appointed by the Welsh Assembly.

Strategy

One of the NWA's main tasks will be to prepare on behalf of the industry a national strategy for all water services covering a period of some 20 years and up-dated at intervals of between three and five years. The strategy will constitute the essential framework for the regional policies, plans, investment programmes and operations of the industry. The Government will define the economic and financial background against which the strategy will be prepared, consider and endorse the strategy subject to any modifications needed and will ensure, through the NWA, that it is implemented by the water authorities. The White Paper notes that this will enable the Government to fulfil in the most effective way its duty to promote and secure the implementation of national policy. The Government is asking the National Water Council to consider with the industry an immediate start on preparations for the new planning system.

The Government's devolution proposals specifically preserve the Government's responsibility for a national water policy for England and Wales. The Welsh Assembly would be required to develop its national policy for water in Wales in harmony with the Government's water policy for England and Wales.

Private Water Companies

The Government still intends that the 28 private water companies in England and Wales, which act as agents for the water authorities and are responsible for 22 per cent of the water supply, should eventually be brought into public ownership and integrated with the water authorities. However, this has been deferred because the Government appreciates that such a proposal will not, at present, gain sufficient parliamentary support. The legislation to be introduced will ensure that the private water companies will be effectively brought into and bound by the NWA's national strategy.

Other Proposals

The NWA will be required to develop, in consultation with the Government, the means for promoting and appraising the efficient operation of regional water authority functions. It will also have a statutory duty to evolve an equalisation scheme to ensure that average regional water charges are kept reasonably near the national average; an interim equalisation scheme is provided for in the Water Charges Equalisation Act 1977 (see p 296). Local authority membership of the nine regional water authorities in England is to be increased by about 20 per cent to ensure more effective local representation. Regional water authorities will take over from local authorities the responsibility for sewage collection from properties not connected to main drainage. The two amenity advisory bodies – the Inland Waterways Amenity Advisory Council and the Water Space Amenity Commission – will be replaced by a new body which will advise ministers and the water industry on the development and use of water and water space for recreation and amenity.

SOCIAL AND CULTURAL AFFAIRS

School Education

Recent developments concerning education in schools include the publication of a Government consultative document for England and Wales, an announcement that comprehensive secondary education is to be introduced throughout Northern Ireland, the ending of arrangements for the recognition of independent schools as 'efficient', and a European Community directive on the education of migrant workers' children.

GOVERNMENT CONSULTATIVE DOCUMENT

An assessment of the present stage of development in schools in England and Wales and proposals for the future are contained in *Education in Schools: a Consultative Document*, published by the Government on 21 July.[1] Aspects covered include the curriculum, standards and assessment, transition between schools, the special needs of minority groups, teachers, schools and working life, and the school and the community.

The document marks the latest stage of the national debate on school education initiated by the Prime Minister in the autumn of 1976 (see p 444, 1976) and continued at a series of regional conferences involving Government ministers, teachers, parents, trade unionists and employers and representatives of local authorities and a number of regional organisations (see p 131).

Recent History

The major changes of organisation and practice which have taken place in schools during the past few years are summarised in the document. Primary schools have been transformed by the adoption of a much wider curriculum than used to be considered sufficient for elementary education and by the rapid growth of the 'child centred' approach. Visitors have come from all over the world to see the 'primary school revolution'. At the secondary level a fundamental reorganisation of schools is largely complete; more than three-quarters of secondary pupils are now in non-selective comprehensive schools, and the Government believes that the process of comprehensive reorganisation must be completed in order that secondary education shall be equally available to children over the full range of ability. The time has now come, in the Government's view, for a period of stability in organisation and of improvements in educational standards.

Dealing with comments on education matters in the press and elsewhere, the consultative document accepts some criticisms as fair but says that others are misplaced. It rejects as 'simply untrue', for instance, comments that there has been a general decline in educational standards, and records that recent studies have shown clearly that today's school children read better than those of 30 years ago; that far more children over a wide range of ability study a modern language or science than did so a generation ago; that many more take, and pass, public examinations; and that many more go on to full-time higher education.

Accountability

The education system depends on a partnership between the central Government education departments, the local education authorities and the teachers. In the Government's view it is an essential ingredient of this partnership that schools should be accountable for their performance: accountable to the local education authority – and those who elect it – as part of the public system of education, and accountable through the school governors and managers to the local community that they serve. A committee examining the relationship between school governors and the local community as part of a study of school government (see p 76, 1975) is expected to publish its report later this year.

Curriculum

The design and management of the school curriculum play a central part in determining what is achieved by schools, says the consultative document. Much enlightened and intelligent development has taken place, but existing practice needs to be reviewed as a preliminary to defining a new framework.

The Government proposes a review of curricular arrangements, to be carried out by local education authorities in their own areas in consultation with their teachers. This review will precede consultations on the nature of any advice which might be issued to local education authorities on curricular matters.

In the light of the review the Government will seek to establish a broad agreement with their partners in the education service on a framework for the curriculum, and on whether part of the curriculum should be protected because there are aims common to all schools and pupils at certain stages. These aims must include the achievement of basic literacy and numeracy at the primary stage. As part of the

[1] Cmnd 6869. HMSO, £1·10, ISBN 0 10 168690 0.

review, the Government proposes that local education authorities should examine and report on their existing practices in relation to records of pupils' progress.

In addition to their responsibility for the academic curriculum, schools must prepare their pupils for the transition to adult and working life. Young people need to be equipped with a basic understanding of the functioning of the democratic political system, of the mixed economy and the industrial activities, especially manufacturing, which create the country's wealth.

The traditional division of labour between men and women is rapidly breaking down, and the Government believes that the curriculum should reflect this by educating boys and girls according to their needs and capacities as individuals and not according to sexual stereotypes. Care must be taken to see that girls do not, by subject choice, limit their career opportunities. Both sexes should learn how to cope with domestic tasks and with parenthood.

British society is a multicultural, multiracial one, says the consultative document, and the curriculum should reflect a sympathetic understanding of the different cultures and races which it comprises. British people also live in a complex, interdependent world, and many of the problems in Britain require international solutions. The curriculum should therefore reflect the need to know about and understand other countries.

In Wales local education authorities should formulate clear policies for Welsh language in their schools, and the curriculum review should cover this aspect. The Secretary of State for Wales is considering requests from several bodies for specific grants to be made towards the cost of bilingual education.

Nursery education should be more closely co-ordinated with other provision for the under-fives, especially where children suffer from disadvantaged backgrounds. The Department of Education and Science and the Department of Health and Social Security hope shortly to issue a joint circular on this matter.

Standards and Assessment

There must be a coherent and soundly-based means of assessment, says the consultative document, for individual pupils, for schools and for the education system as a whole.

The professional competence and knowledge of teachers are of prime importance in assessing individual pupils. The central Government education departments will encourage the development of diagnostic tests to help them in this task, and it is hoped that the tests will be widely used by schools and authorities.

Local education authorities need to be able to assess the relative performance of individual schools, taking account of examination and test results, reports by inspectors and advisers, and self-assessment by the schools. 'League tables' based on examination or standardised test results in isolation can, however, be seriously misleading.

Tests suitable for the monitoring by local education authorities of pupils' performance on a broader base are likely to come out of the work of the Assessment of Performance Unit (see p 186, 1974). The unit is concentrating at present on the development of tests suitable for national monitoring in English language, mathematics and science. It will embark on a programme of national assessment of the school system in 1978.

Local experiments in the provision of leaving certificates for pupils will be kept under review, and the Government is to consider the possibility of commissioning a national study.

The Government is studying the Schools Council's proposals for changes in the examinations normally taken at 16 (see pp 422 and 498, 1975, and 445, 1976), and will discuss with the council the possibility of fitting exploratory work on a 'grouped certificate' into the council's current programme. There is no intention of abandoning single-subject examining.

The idea that rigid and uniform national tests should be applied to all children at certain ages is rejected.

Transition between Schools

Substantial problems can occur at the point of transition between primary and secondary schools and when families move from one area to another says the consultative document. The difficulties can be reduced by: regular contacts between the teachers concerned; co-ordination of primary and secondary school curricula and of assessment procedures; and good record-keeping practices. In the Government's view, this issue needs the urgent attention of local education authorities.

Special Needs

The Government believes that special help must be given to children who are disadvantaged by social, environmental or other handicaps. This may require positive discrimination in the use of resources, as in the recently announced policy for the inner cities (see pp 203 and 283).

An inquiry into education policy towards ethnic minorities is under consideration. Interested organisations are being invited to give their views on statistical monitoring as a basis for positive policies towards making opportunities more equal, and on encouraging young people from the ethnic minority groups to enter teaching.

The (Warnock) committee at present inquiring into the education of handicapped children (see p 529, 1973) will give close attention to the question of integrating handicapped children into ordinary schools (it has for many years been Government policy to do this wherever possible).

Teachers

It is upon the supply of good teachers in adequate numbers that the strength of the education system must rest, the consultative document states. The key to the quality of the profession lies in the standards of recruitment, in training and in career development, and it is upon these aspects that the document concentrates.

It remains the Government's intention to secure further improvements in school staffing standards as soon as economic conditions allow. The aim is that there should be, as soon as possible, a graduate entry into the teaching profession; the existing certificate courses should be phased out and the

normal minimum entrance for qualification for Bachelor of Education courses should be two passes in the Advanced-level General Certificate of Education. Entrants to such courses should also have qualifications in English and mathematics or should otherwise satisfy the institution concerned and its validating body of satisfactory numeracy and literacy.

The Government believes that wherever possible preference should be given to applicants for teacher education courses who have had some employment outside the world of education. It has particularly in mind 'mature' students and those who belong to the ethnic minorities. More attention should be given in initial teacher training to the national importance of industry and commerce, to helping teachers in their responsibility for conveying this to their pupils, to the need for children to be taught about participating in a democratic society, and to preparation for teaching in a multiracial society.

To reinforce the professional aspects of teacher education, the Government would like to see many more exchanges of teachers between schools and colleges, and proposes to foster the growth of a network of centres of scholarship and professional expertise within the teacher training system.

It intends to consult the local authority and teachers' associations on measures to improve induction training, and hence the professional competence of teachers at the early stages of their career. The Government's expenditure plans envisage increasing financial provision for in-service training.

The Government is instituting a 10 per cent sample survey this autumn of secondary school teachers, which will indicate among other things how their time is divided between teaching and other duties. It believes that senior and experienced teachers should devote as much time as possible to teaching.

A recommendation is made that local education authorities should develop more systematic approaches to the recruitment, career development, training and deployment of their teachers; and should consider whether their present arrangements are such as to secure the best appointments to headships.

Regulations now being prepared are intended to facilitate the early retirement of teachers aged 50 or over on redundancy, or where this would be in the interests of the education service. Other aspects of teachers' conditions of service may need to be reviewed in order to promote the more flexible and effective deployment of teachers in the interests of the schools and their pupils: the impact of falling numbers of school pupils will add weight to the study of these problems (the school population, at present at a peak, is expected to decline for a decade or more).

Schools and Working Life

Local education authorities, schools and industry must work much more closely together, the Government believes. There are already some admirable schemes – national and local – in operation, but more needs to be done, and great scope for improvement exists, particularly for local initiatives. Consideration should be given to the appointment of people with experience in management and trade unions as governors of schools. Schools and firms should establish links at local level. Industry, the trade unions and commerce should be involved in curriculum planning processes. Full use should be made of the contribution that industry and the trade unions can make to careers education and improved understanding of productive industry. Work experience and work observation, properly related to school programmes, have a valuable part to play.

Close liaison between schools and higher and further education establishments is valuable, in the Government's view, and, where appropriate, pupils should have the opportunity of taking part in linked courses. All school pupils should have the chance to visit the local further education college, and should be given information before leaving school about courses available there.

Careers education and the Careers Advisory Service have important contributions to make to improving arrangements for the transition from school to work. Schools may need to adjust their priorities to make room for careers education for all pupils from not later than the age of 13.

The School and the Community

There is an increasing emphasis on the need for schools to become open to the community. Parents, industry and commerce should be aware of what the education system and individual schools are trying to achieve. Many schools have made successful efforts to involve the local community in their activities, and to make school facilities, including buildings and playing fields, available for community use. Local education authorities should seek to spread good practice to all their schools. The report of the committee on school government (see above) will cover relationships between parents and individual schools. A circular will be published later in 1977 setting out the information that should be available to all parents about schools. Schools should encourage parental involvement, including encouraging parents' comments on the schools their children attend.

NORTHERN IRELAND SECONDARY EDUCATION

Non-selective comprehensive secondary education is to be introduced throughout Northern Ireland and the present '11-plus' examination selection procedure is to be abolished. The Government believes that it is educationally unsound to divide children at the age of eleven and that a restructuring of the school system will provide better educational opportunities for all children. The decision was announced on 15 June by Lord Melchett, Minister of State at the Northen Ireland Office, amost a year after the publication of a consultative document on the subject (see p 339, 1976).[1]

There will not be one system of comprehensive schooling for the whole of Northern Ireland. Emphasis will be placed on local planning for local

[1] The Government's views are set out in *Reorganisation of Secondary Education in Northern Ireland*, Belfast HMSO, 25p, ISBN 0 337 04090 X. Public secondary education in the rest of Britain is already organised to a large extent along comprehensive lines. Over three-quarters of the maintained secondary school population in England and Wales and almost all that in Scotland attends comprehensive schools.

circumstances and the Area Education and Library Boards are being invited to undertake the planning of the restructuring in their areas. Care is to be taken to ensure that the transition is a developing and not a disruptive process.

The Government is establishing three working parties in connection with the changeover. One will examine all the administrative and legislative aspects of developing comprehensive secondary education; another will consider the changes that must be made to ensure that voluntary schools continue as a major part of the new system, and particularly the financial arrangements; the third will study the changes that will have to be made in school management.

INDEPENDENT SCHOOLS

The present arrangements for the recognition of independent schools in England and Wales as 'efficient' are to be discontinued from April 1978.

[Independent schools receive no grants from public funds. At present those with standards regarded by the Department of Education and Science or the Welsh Office as comparable with those of well-run maintained schools are, on application, granted the status of 'recognised as efficient'. Such schools contain 80 per cent of the pupils in independent schools.]

Announcing the change, the Secretary of State for Education and Science, Mrs Shirley Williams, told Parliament that the arrangements for recognition would be stopped as part of the reductions in Civil Service manpower (*Hansard*, 16.6.77, written answers, cols.254-5). There would, however, be no change in the law under which every independent school must register with the Department of Education and Science or the Welsh Office and is subject to inspection. Her Majesty's Inspectors of Schools would be available to advise the Independent Schools Joint Committee on the setting up of its own recognition system.

MIGRANT WORKERS' CHILDREN

A European Community directive on the education of migrant workers' children was agreed in Luxembourg on 28 June. The directive, which is the Community's first on the subject of education, aims to assist the movement of workers and their families within the Community by improving facilities for migrant workers' children. It deals with special tuition for these children in the language of the host country and with the maintenance of their mother tongue and culture.

The directive recognises the effect of differences in the national circumstances and legal systems of Community member countries over the methods they will use to carry out their obligations. Account has been taken of the decentralised systems of education in certain countries such as Britain, and of the facts that the obligation to promote the teaching of the mother tongue and culture presupposes co-operation between the country of origin and the host country, and that no right to tuition in the mother tongue and culture is conferred on individuals.

The scope of the directive is limited to the children of employed Community migrant workers but the British Government does not intend that any distinction should be made in Britain between European Community and other migrants.

DOCUMENTATION

(Documentation excludes publications referred to in Survey articles)

Government and Administration

Control of Immigration Statistics 1976. The annual White Paper on statistics of people subject to control under the Immigration Act 1971 entering the United Kingdom showed that 30,975 Commonwealth citizens, mainly children and other dependants, were admitted for settlement on arrival (compared with 30,954 in 1975) and 18,306 were accepted for settlement on the removal of the time limit attached to their stay (19,974 in 1975). A total of 13,099 foreign nationals (excluding those from European Community countries) were accepted for settlement on arrival (9,474 in 1975) and 16,737 were accepted for settlement on the removal of the time limit (22,003 in 1975). In addition 1,628 EEC nationals were accepted for settlement on the removal of the time limit. Residence permits issued to European Community nationals and their dependants totalled 7,111 (8,125 in 1975). Cmnd 6883. HMSO, 60p. ISBN 0 10 168830 X.

Northern Ireland Parliamentary Commission for Administration: Annual Report for 1976. Analyses complaints from persons claiming to have suffered injustice in consequence of maladministration by Northern Ireland departments. Belfast HMSO, £1·60. ISBN 0 10 237377 9.

Northern Ireland: Annual Report of the Northern Ireland Commissioner for Complaints for 1976. Analyses cases dealt with by the Commissioner whose function is to investigate complaints by persons claiming to have suffered injustice in consequence of maladministration by local or public bodies. Belfast HMSO, £2·10. ISBN 0 10 237477 5.

Tuvalu. COI, FS/17.

External Affairs and Defence

Fifth Report from the Expenditure Committee. Session 1976-77. Progress towards Implementation of the Final Act of the Conference on Security and Co-operation in Europe. HMSO, £2·60. ISBN 0 10 239277 3.

Sixth Report from the Expenditure Committee. Session 1976-77. Reserves and Reinforcements. HMSO, £4·60. ISBN 0 10 239377 X.

Exchange of Notes prolonging the Agreement for Scientific and Technological Co-operation between the Government of the United Kingdom ... and ... Romania signed ... on 9 March 1967. Cmnd 6856. HMSO, 15p. ISBN 0 10 168560 2.

Defence Expenditure, Government Observations on the Second Report from the Expenditure Committee (see p 173). Cmnd 6853. HMSO, 25p. ISBN 0 10 168530 0.

Economic and Scientific Affairs

Minimum Lending Rate (MLR). The Bank of England's MLR fell by 0·25 per cent to 8 per cent on 13 May. *Economic Progress Report* No 87, prepared by the Information Division of the Treasury. Available from Circulation Section (H), Central Office of Information. (See also footnote[1], p 307.)

Securities: Amendment to the Prevention of Fraud (Investments) Act 1958. A Consultative Document. Outlines proposals to strengthen the Department of Trade's regulation of the statutory part of supervision of the securities market to make it better adapted to developments in recent years in commercial and financial practices (see p 434, 1976). Cmnd 6893. HMSO, 25p. ISBN 0 10 168930 6.

Insurance: Insurance Business Annual Report 1976. HMSO, £1·50. ISBN 0 11 511122 0.

Royal Mint. One hundred and fifth report of the Deputy Master and Comptroller, 1974-75. A total of 1,713 million coins was struck for 46 different countries, 803 million for Britain and 606 million for overseas countries. A further 304 million coins were struck for overseas countries under subcontract by private mints. HMSO, £3. ISBN 0 11 887001 7.

New May Day Bank Holiday. The first Monday in May will be the May Day bank holiday in England, Wales and Northern Ireland from 1979 onwards, the Secretary of State for Employment, Mr Albert Booth, announced on 28 July. Mr Booth said that in Scotland, where the first Monday in May is already a bank holiday, the Secretary of State for Scotland had already announced that the last Monday in May will be designated a bank holiday

in 1978 and subsequent years. *Hansard*, written answers, col 454.

Export Credits. The Secretary of State for Trade, Mr Edmund Dell, has authorised the Export Credits Guarantee Department to introduce a scheme to provide some protection against movements in exchange rates during the period between tender and award of contract. This protection has been available with effect from 1 August 1977 and will help bring about the necessary switch to foreign currency financing of exports (see p 472, 1976). *Hansard*, 28.7.77, written answers, col 384.

Health and Safety Commission. Proposals for the notification of accidents and dangerous occurrences. Consultative Document. Updates proposals issued in July 1975 (see p 337, 1975) in the light of the many comments received on these proposals. HMSO, 50p. ISBN 0 11 883009 0.

Health and Safety at Work. Safety representatives and safety committees. This revised booklet replaces an earlier edition (see p 43) and reflects the fact that the proposed regulations have now become law and a code of practice has been approved. Neither of these differs substantially from the proposals published in the earlier edition. HMSO, 35p. ISBN 0 10 880335 2.

Household Expenditure. The average amount spent on goods and services by private households in Britain in 1976 was £61·70 a week, an increase of £7·12 or 13 per cent over 1975, according to preliminary results of the Family Expenditure Survey 1976. Food continued to account for almost a quarter of total expenditure on goods and services, while transport and vehicles again represented between 13 and 14 per cent of total expenditure. The full report will be published towards the end of the year. Department of Employment press notice, 28.7.77.

Price Commission. Report for the period 1 March to 31 May 1977. The report shows that the rate of increase of the commission's own index (based on notifications received) fell from 10 per cent for the six months to March 1977 to 8·4 per cent for April and 7·9 per cent for May. It says there is now 'a real opportunity of achieving a substantial and continuing reduction in the rate of inflation'. It warns that this reduction will depend both on a reasonable level of pay settlements after 1 August 1977 (see pp 304-8) and on 'industry and distribution behaving reasonably and responsibly in relation to their pricing policy'. HMSO, £1·65. ISBN 0 10 245977 0.

Recommended Retail Prices. Price Commission Report No 25. HMSO, £2·25. ISBN 0 11 700869 9.

Coffee: Prices, Costs and Margins. Price Commission Report No 29. The commission found that the rapid increase in world prices of raw coffee since 1973 was caused essentially by physical shortages. Speculation on terminal markets and fiscal policies of producer countries may also have been contributory factors but it was not possible to say precisely to what degree. In Britain itself, import prices are greater than they otherwise would be because of the depreciation of sterling. HMSO, 80p. ISBN 0 11 700873 7.

National Consumer Council. Annual Report 1976-77. The report covers the activities of the National Consumer Council and of the associated councils for Scotland, Wales and Northern Ireland. Available from the National Consumer Council, 18 Queen Anne's Gate, London SW1H 9AA. ISBN 0 905653 09 2.

Consumer Protection Advisory Committee. VAT-Exclusive Prices. The committee's fourth report considered proposals that advertised or quoted prices should indicate the amount of VAT payable. House of Commons Paper No 416, HMSO, 60p. ISBN 0 10 241677 X.

Monopolies and Mergers Commission. Report on the supply in the UK of cat and dog food. The report found that the two monopoly situations in this industry did not operate against the public interest. House of Commons Paper No 447, HMSO, £1.60. ISBN 0 10 244777 2.

Monopolies and Mergers Commission. Flour and Bread. No monopoly conditions operating against the public interest were found in the commission's examination of the supply in the UK of wheat flour and bread made from wheat flour. House of Commons Paper No 412, HMSO, £2·25. ISBN 0 10 241277 4.

Some Recent Advances and Developments in Britain. COI, R5656/25.

The Future of Company Reports. Department of Trade. A consultative document on the future of company reports which proposes that companies should disclose more information about their activities to reflect the wider accountability of directors and cover the interests of people other than shareholders. Cmnd 6888. HMSO, 45p. ISBN 0 10 168880 6.

Company law, European Community directive. Department of Trade. A consultative document which explains the implementation of the second European Community directive on company law (due to take place by December 1978), which regulates the formation of public companies and the subscription and alteration of their capital, and invites comments on the proposals it puts forward. Copies available from Companies Policy Division, Department of Trade, Room 645, Sanctuary Buildings, 16-20 Great Smith Street, London SW1P 3DB.

Bankruptcy and Deeds of Arrangement. Annual Report. Department of Trade. Although the number of personal and business failures was almost exactly the same in 1976 as in 1975, the estimated liabilities in these failures – £115 million – represented a decrease of 22 per cent on the previous year. HMSO, 80p. ISBN 0 11 511364 9.

Government Response to Footwear Industry Study Steering Group Report. The Minister of State for industry, Mr Alan Williams, has announced that he

intends to make a positive response to the report's recommendations (see p 289) and that action has already begun on a number of the most important, including ways in which Government financial assistance could be provided to meet the essential purposes behind the report's recommendation. A successor body to the steering group, a new footwear committee, will also be established on a tripartite basis, under the National Economic Development Council. Further consultations are taking place on ways of improving training, assistance to exporters, trade policy and aspects of retail distribution. Department of Industry press notice, 28.7.77.

British Steel Corporation (International) Limited: Report and Accounts 1976-77. Copies available from the Information Office, British Steel Corporation, 151 Gower Street, London WC1E 6BB.

Location of Offices Bureau (LOB). *Annual report 1976-77.* The report notes that the number of office jobs moved from central London by the LOB has fallen for the third year in succession. Note is taken of changes in attitude towards office relocation policy both within the Government and the Greater London Council, and possible change in the role of the LOB is indicated (see p 249). The report suggests that movement in office employment should be more closely monitored than at present. Published by LOB, 27 Chancery Lane, London WC2A 1NS. 20p.

Agriculture Economic Development Committee. The Ownership of Land by Agricultural Landlords in England and Wales. This report – by one of the committees set up for individual industries and composed of representatives of management, trade unions and Government – presents the results of a survey of the ownership of agricultural land wholly or partly let to tenants in England and Wales. National Economic Development Office. 85p. ISBN 0 7292 0206 2.

Intervention Board for Agricultural Produce. Report for the Calendar Year 1976. The report contains an account of the operations of the board which administers in Britain the European Community's system of agricultural support under the Common Agricultural Policy. There was more support buying than in 1975 (see p 343, 1976) but a substantial proportion of the stocks were sold back on the Community market by the end of the year. Cmnd 6846. HMSO, £1. ISBN 0 10 168460 6.

Fisheries of Scotland. Report for 1976 (Including Fisheries Research Report). Cmnd 6860. Edinburgh HMSO, £1. ISBN 0 10 168600 5.

Offshore 1976: an analysis of orders placed. British companies won 57 per cent of the orders placed in 1976 by companies operating offshore in the British Continental Shelf, compared with 52 per cent in 1975. The British share for capital goods reached 70 per cent in 1976 as against 63 per cent in 1975, while for services it rose from 41 per cent in 1975 to 45 per cent in 1976. The total value of orders placed in 1976 was £1,041 million. Department of Energy. HMSO, 40p. ISBN 0 11 410609 6.

Electricity: Report of the Secretary of State for Energy for the year ended 31 March 1977. Department of Energy. HMSO, 55p. ISBN 0 11 410605 3.

Digest of United Kingdom Energy Statistics 1977. Department of Energy. HMSO, £9. ISBN 0 11 410299 6*.

Report of the Automotive Energy Working Group. The report, issued by the Department of Energy for the Automotive Energy Consultative Group (which consists of representatives of the Society of Motor Manufacturers, the oil industry and Government departments) says that there is little practical prospect of a major change in the type of fuel used by motor vehicles. The motor industry is planning to achieve improvements in the fuel consumption of internal combustion engines; a 15 per cent saving in petrol consumption for cars produced in 1985 compared with 1976 models is thought possible. Available free of charge from the Library, Department of Energy, Thames House South, Millbank, London SW1P 4QJ.

National Bus Company. Annual report and accounts 1976. NBC. HMSO, £1. ISBN 0 902950 08 8.

Annual Vehicle Census Great Britain 1976. Department of Transport. Available free of charge from the Directorate of Statistics, Department of Transport, Room S12/12, 2 Marsham Street, London SW1P 3EB.

British Waterways Board. Annual report and accounts 1976. British Waterways Board. HMSO, £1·40. ISBN 0 903218 16 X.

Marine Pilotage. Report of the Advisory Committee on Pilotage to the Secretary of State for Trade on the content of future pilotage legislation. Available free of charge from Branch 3B, Marine Division, Department of Trade, Sunley House, 90-93 High Holborn, London WC1V 6LP.

Laboratory of the Government Chemist. Report of the Government Chemist 1976. The principal aspects of the laboratory's work in 1976, according to the annual report, included dust sampling and analysis services in connection with health hazards from asbestos; surveys of tar and nicotine yields in British cigarettes; tests of antibiotic traces in animal feedingstuffs and antibiotic residues in food; revision of nutritional food tables; the preparation of alcohol tables for the use of Revenue Officers when metrication of spirit duty comes into effect; various advisory and information services; and an Oil Spillage Analytical and Identification Service to help Government departments and other authorities to take action against polluters. HMSO, £3. ISBN 0 11 511627 3.

Lead in Drinking Water: A Survey in Great Britain 1975-76. Pollution Paper No 12. Department of the Environment. HMSO, £1.15. ISBN 0 11 751230 3.

International Development Association: Fifth Replenishment of IDA Resources. Cmnd 6838. HMSO, 60p. ISBN 0 10 168380 4.

The Crown Agents for Oversea Governments and Administrations. The chairman's review for the year ended 31 December 1976. The Crown Agents for Oversea Governments and Administrations, 4 Millbank, London SW1P 3JD.

Social and Cultural Affairs

Population Projections 1974-1991, England. Prepared by the Office of Population Censuses and Surveys. HMSO, £1·75. ISBN 0 11 690633 2.

Bartholomew Gazetteer of Britain. Includes over 40,000 references to inhabited places and physical features in England, Scotland, Wales and the Isle of Man (but not Northern Ireland), supplemented by many detailed maps. There are also an etymological guide to British place-names, population statistics, temperature and rainfall tables, and statistics on imports, exports, migration, new towns and education. John Bartholomew & Son Limited, £9·50. ISBN 0 85 152771 X.

Report on Her Majesty's Chief Inspector of Constabulary 1976. HMSO, £1·65. ISBN 0 10 241477 7.

Judicial Statistics. Annual Report 1976. Statistics relating to the Judicial Committee of the Privy Council, the House of Lords, the Supreme Court of Judicature, the Crown Court, County Courts and other courts. Cmnd 6875. HMSO, £2·50. ISBN 0 10 168750 8.

Prosecutions in Scotland's Summary Criminal Courts. The Secretary of State for Scotland is setting up a committee of inquiry 'to consider the effect on the criminal courts and the prosecution system of the volume of minor offences at present dealt with by summary prosecution and whether some other process might be devised to deal with such offences while maintaining essential safeguards for accused persons'. Lord Stewart will be the committee's chairman. *Hansard,* 5.7.77, written answers, col 532.

Report on the Work of the Prison Department 1976. Cmnd 6877. HMSO, £1·65. ISBN 0 10 168770 2.
Statistical Tables. Cmnd 6884. HMSO, £2·15. ISBN 0 10 168840 7.

Reparation by the Offender to the Victim in Scotland. Appointed by the Secretary of State for Scotland and the Lord Advocate, the Dunpark Committee recommends that Scottish criminal courts should have discretionary powers to order criminals to pay compensation to their victims. Cmnd 6802. HMSO, £2. ISBN 0 10 168020 1.

Codification of the Criminal Law: Treason, Sedition and Allied Offences. Law Commission Working Paper No 72. Recommends that treason should be a crime only in wartime; the abolition of the offence of sedition; and new legislation to deal with rebellion in peacetime and to protect the personal security of the Queen and her immediate family. HMSO, £1·50. ISBN 0 11 730151 5.

Residential Homes for the Elderly: Arrangements for Health Care. A memorandum of guidance prepared by the Department of Health and Social Security and the Welsh Office. Available free of charge from DHSS Store, Scholefield Mill, Brunswick Street, Nelson, Lancashire B89 0HU.

Research and Development Work on Equipment for the Disabled 1976. HMSO, 45p. ISBN 0 10 244877 9.

Occupational Pension Scheme Cover for Disabled People. A report of the Occupational Pensions Board which advises the Government on occupational pensions. Cmnd 6849. HMSO, 75p. ISBN 0 10 168490 8.

Report on the Law in Northern Ireland relating to Divorce and Homosexuality. The report, by the Standing Advisory Commission on Human Rights, recommends that Northern Ireland law on both subjects be brought into line with that in England and Wales. The Secretary of State for Northern Ireland proposes to publish in due course proposals for new legislation. HMSO, 35p. ISBN 0 11 700874 5.

Health Services in Scotland. Report for 1976. Cmnd 6812. HMSO, £2. ISBN 0 10 168120 8.

Cigarette Advertising. A strengthened code of practice concerning cigarette advertising has been agreed by the tobacco industry, the Advertising Standards Authority and the United Kingdom Health Departments. Advertisements with connotations of health are to be banned as will words such as 'safe'. A new rule will eliminate the depiction of participants and spectators at sporting events. Advertisements suggesting that smoking enhances feminine charm will not be allowed; neither will those suggesting that smoking is more closely associated with the rich, the successful and the go-ahead than with the rest of the population. The components and ingredients of cigarettes, such as tobacco substitutes, are brought within the code which, as before, will be administered by the Advertising Standards Authority, 15 Ridgmount Street, London WC1. Department of Health and Social Security press notice, 27.7.77.

Gifted Children in Middle and Comprehensive Secondary Schools. A discussion paper by a working party of Her Majesty's Inspectorate of Schools. HMSO, £1·75. ISBN 0 11 270444 1.

Statistics of Overseas Students in Britain, 1975-76. Records that approximately 114,000 people over 18 years of age from overseas were studying full time in Britain in the academic year 1975-76. Available free of charge from the Printing and Publishing Department, The British Council, 65 Davies Street, London W1Y 2AA.

Children in Care in England and Wales: March 1976. HMSO, 45p. ISBN 0 10 250677 9.

Housing Corporation. Report 1976-77. HMSO, £2. ISBN 0 901454 24 9.

Northern Ireland Regional Physical Development Strategy 1975-95. A development plan based on the policy of concentrating population in Belfast and district towns. Considers such topics as employment, housing, transport, recreation and the countryside. Department of the Environment, Northern Ireland. HMSO, £3·50. ISBN 0 337 08097 6.

Environmental Board: First Progress Report to the Secretary of State for the Environment. The board is an advisory body set up in June 1975 to advise the Secretary of State on the environmental aspects of implementing the Community Land Act (see pp 181-3, 1975). Its first progress report is based largely on three initial studies: of new development, older areas and environmental education. HMSO, 45p. ISBN 0 11 751226 5.

Countryside Commission for Scotland. Report for 1976. HMSO, £1·65. ISBN 0 902226 39 8.

Countryside Review Committee.

Rural Communities. Topic Paper No 1. HMSO, 75p. ISBN 0 11 751221 4.

Leisure and the Countryside. Topic Paper No 2. HMSO, 85p. ISBN 0 11 751222 2.

These discussion papers are the first in a series on particular topics which were foreshadowed in the Countryside Review Committee's introductory paper, *The Countryside: Problems and Policies,* published in 1976 – see p 345, 1976. The Countryside Review Committee, which was set up in 1974, consists of officers from Government departments and from public agencies. It is chaired and serviced by the Department of the Environment.

Guidelines for Regional Recreation. A Government circular setting out guidelines on the preparation of regional recreational strategies by the regional councils for sport and recreation (see p 231, 1976). Department of the Environment circular 73/77, HMSO, 25p. ISBN 0 11 751203 6.

The Horserace Totalisator Board. Second Report from the Select Committee on Nationalised Industries. Session 1976-77. Includes the report, minutes of the committee's proceedings, evidence and appendices. HMSO, £4·60. ISBN 0 10 234477 9.

Royal Commission on the Press (see pp 284-6). *Final Report: Appendices.* Cmnd 6810-1. HMSO, £2·60. ISBN 0 10 168101 X. *Industrial Relations in the Provincial Newspaper and Periodical Industries: a Report by the Advisory Conciliation and Arbitration Service.* Cmnd 6810-2. HMSO, £2·60. ISBN 0 10 168102 X. *Analysis of Newspaper Content.* Cmnd 6810-4. HMSO, £5·25. ISBN 0 10 168104 6.

Television Licence Fee Increased. The Home Secretary announced that as from 30 July 1977 television licence fees would be increased to £9 for black and white television reception and to £21 for colour. (The previous fees were £8 and £18 respectively.) Home Office press notice, 29.7.77.

Experiments in Local Community 'Radio' by Cable. The Home Secretary has agreed to the licensing of five experiments in locally-initiated sound programmes over wired distribution systems. They will take place in Basildon, Newton Aycliffe, Southwark, Telford and Thamesmead until the end of July 1979. *Hansard,* 26.7.77, written answers, col 152.

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